

**CITY OF NEW BEDFORD, MASSACHUSETTS**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2009**

# CITY OF NEW BEDFORD, MASSACHUSETTS

June 30, 2009

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Honorable Mayor and Members  
of the City Council  
City of New Bedford  
New Bedford, Massachusetts

### Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Bedford, Massachusetts, as of and for the year ended June 30, 2009 (except for the New Bedford Contributory Retirement System which is as of and for the year ended December 31, 2008), which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of New Bedford's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Greater New Bedford Workforce Investment Board, which is presented as a blended component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Greater New Bedford Workforce Investment Board, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of New Bedford's internal control over financial reporting. Accordingly, we express no opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Bedford, Massachusetts, as of June 30, 2009 (except for the New Bedford Contributory Retirement System which is as of and for the year ended December 31, 2008), and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Continued*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated May 20, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 13 and the schedule of revenues, expenditures and changes in fund balances - budgetary basis on pages 74 through 82 and are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New Bedford's basic financial statements. The supplementary statements and schedules on pages 86 through 110 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedule of funding progress and employers' contributions on pages 83 through 85 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Hague, Sahady & Co. PC*

May 20, 2010

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2009

The management of the **City of New Bedford, Massachusetts** (City), offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009 and 2008. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

#### **FINANCIAL Highlights:**

- The assets of the City exceeded liabilities at June 30, 2009 and 2008, respectively, by \$126,885,981 and \$135,525,418. Of this amount, \$49,249,292 represents unrestricted net assets at June 30, 2009 and \$65,728,253 at June 30, 2008 (restated).
- The City's total net assets decreased by \$8,639,437 for the fiscal year ended June 30, 2009.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,129,391. As of June 30, 2008 ending fund balances for governmental funds were \$24,943,179 (restated).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$16,450,426 (5.9 percent) of total general fund expenditures.
- The City's total long term debt decreased by \$3,655,674 from \$251,141,880 to \$247,486,206 during the current fiscal year. The key factor in this increase is that the City is incurred new debt totaling \$8,636,370, pay downs were made totaling \$9,302,493 and the state subsidized principal payments totaled \$2,989,551 through the Massachusetts Water Pollution Trust.
- The City considered its water and airport activities to be business-type in nature beginning in 2007. The business-type activities decreased the City's net assets by \$763,234.

#### **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements:** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

*Continued*

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2009

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, (i.e., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements of the City are divided into three categories:

- **Governmental activities** – Governmental activities of the City such as general government, public works, public safety, education, community and economic development, and culture and recreation are reported here. Property taxes, state aid, local fees and charges finance most of these activities.
- **Business-type activities** - Business-type activities of the City such as water and airport are reported here. Charges for services finance most of these activities.
- **Component units** — The government-wide financial statements not only include the governmental and business-type activities (known as the primary government) but also legally separate entities. There are five legally separate component unit entities included in this report, which are the Greater New Bedford Regional Refuse Management District, the Harbor Development Corporation, the Greater New Bedford Workforce Investment Board, the New Bedford Redevelopment Authority and The New Bedford Contributory Retirement System.

The government-wide financial statements can be found on pages 14 through 17 of this report.

**Fund financial statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary funds. Fiduciary funds for the City consist of the pension trust fund, the private purpose trust funds and the agency funds. The proprietary funds for the City is the water and airport and internal service or medical claims trust funds. All other activities of the City are included in the governmental funds.

**Governmental funds:** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in the evaluation of a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

*Continued*

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2009

The City maintains many governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, wastewater fund and stabilization fund which are considered major funds. Data from all of the other governmental funds, which are considered non-major funds, are combined into a single aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements, which are not required but are supplementary information.

The City adopts an annual budget for its general and wastewater funds. A budgetary comparison statement has been provided to demonstrate compliance with those budgets.

The governmental fund financial statements can be found on pages 18 through 19 of this report. The budgetary statements can be found on pages 74 through 76 and 79 of this report.

**Proprietary funds:** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and airport operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among various functions. The City uses internal services funds to account for the purchasing of supplies, medical and life insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. The accrual basis of accounting is used for the proprietary fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the enterprise fund consisting of the water and airport operations as well as the internal service fund which is considered major funds.

The City adopts an annual budget for its water and airport funds. A budgetary comparison statement has been provided to demonstrate compliance with those budgets.

The proprietary fund financial statements can be found on pages 22 through 25 of this report. The budgetary statements can be found on pages 77 through 78 of this report.

**Fiduciary funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City is the trustee, or fiduciary, for its employees' pension plan. It is also responsible for other assets that because of a trust arrangement can be used only for the trust beneficiaries and the agency fund. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations. The accounting used for fiduciary funds is the accrual basis of accounting.

The fiduciary funds financial statements can be found on pages 26 through 27 of this report.

*Continued*



# CITY OF NEW BEDFORD, MASSACHUSETTS

## Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2009

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 through 73 of this report.

**Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning all legally adopted budgets. The City appropriates an annual appropriation budget for the general, water, airport and wastewater funds. Budgetary comparison schedules are presented to demonstrate compliance with the budget on pages 74 through 81.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$126,885,981 as of June 30, 2009 and \$135,525,418 as of June 30, 2008.

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its residents; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

#### Net Assets for the period ending June 30, 2009 and June 30, 2008 (Government-wide level)

	<u>Governmental Activities</u>		<u>Business-Type Activities **</u>		<u>Total **</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Assets:</b>						
Current and other assets	\$ 127,053,647	\$ 132,962,099	\$ 3,935,186	\$ 2,887,805	\$ 130,988,833	\$ 135,849,904
Capital assets	<u>300,707,206</u>	<u>294,697,649</u>	<u>61,523,268</u>	<u>56,185,186</u>	<u>362,230,474</u>	<u>350,882,835</u>
Total Assets	<u>\$ 427,760,853</u>	<u>\$ 427,659,748</u>	<u>\$ 65,458,454</u>	<u>\$ 59,072,991</u>	<u>\$ 493,219,307</u>	<u>\$ 486,732,739</u>
<b>Liabilities:</b>						
Current liabilities	\$ 30,312,115	\$ 115,774,995	\$ 771,169	\$ 2,149,261	\$ 31,083,284	\$ 117,924,256
Long-term liabilities	<u>309,615,294</u>	<u>216,175,106</u>	<u>25,634,748</u>	<u>17,107,959</u>	<u>335,250,042</u>	<u>233,283,065</u>
Total Liabilities	<u>\$ 339,927,409</u>	<u>\$ 331,950,101</u>	<u>\$ 26,405,917</u>	<u>\$ 19,257,220</u>	<u>\$ 366,333,326</u>	<u>\$ 351,207,321</u>
<b>Net Assets:</b>						
Investment in capital assets (net of debt)	\$ 46,068,416	\$ 30,330,625	\$ 36,548,706	\$ 37,848,404	\$ 82,617,122	\$ 68,179,029
Restricted	( 4,980,433)	1,624,204		( 6,068)	( 4,980,433)	1,618,136
Unreserved	<u>46,745,461</u>	<u>63,754,818</u>	<u>2,503,831</u>	<u>1,973,435</u>	<u>49,249,292</u>	<u>65,728,253</u>
Total Net Assets	<u>\$ 87,833,444</u>	<u>\$ 95,709,647</u>	<u>\$ 39,052,537</u>	<u>\$ 39,815,771</u>	<u>\$ 126,885,981</u>	<u>\$ 135,525,418</u>

\*\* Total net assets for fiscal year ended June 30, 2008 have been restated - refer to restatement note (page 72) in the financial statements for the explanation.

*Continued*

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2009

An additional portion of the City's net assets (\$4,980,433) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$49,249,292 may be used to meet the City's ongoing obligations to citizens and creditors.

The strength of the City is dependent upon the willingness of the citizenry to pay their bills when they are due, and the diligence of the Tax Collector to ensure that everyone complies with such dealings. As of June 30, 2009 and June 30, 2008 cash and investments consisted of \$59,433,265 and \$65,535,187 respectively.

At the end of fiscal year 2009, the City is not able to report positive balances in all three categories of net assets for its governmental activities. For year ended 2009, the City is able to report positive balances in all three categories of net assets for its business-type activities.

The City's net assets for its governmental funds decreased during the current fiscal year, due primarily to expenditures in excess of revenues earned of \$19,019,793. Net income before transfers for business-type activities decreased due to expenditures in excess of revenues earned in the amount of \$626,225.

**Governmental activities:** Governmental activities decreased the City's net assets by \$7,876,203 for fiscal year ended June 30, 2009.

**Business-type activities:** Business-type activities decreased the City's net assets by \$763,234 for 2009.

Key elements of these increases/(decreases) are documented on the following page:

### Changes in Net Assets for the period ending June 30, 2009 and June 30, 2008 (Government-wide level)

	<u>Governmental Activities</u>		<u>Business-Type Activities **</u>		<u>Total **</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for service	\$ 37,196,657	\$ 37,056,400	\$ 9,454,143	\$ 8,965,661	\$ 46,650,800	\$ 46,022,061
Operating grants & contributions	91,722,563	68,839,689			91,722,563	68,839,689
Capital grants & contributions	10,360,973	5,066,545	188,869	190,796	10,549,842	5,257,341
General revenues:						
Property taxes	85,704,440	79,443,107			85,704,440	79,443,107
Motor vehicle excise	5,537,923	5,497,886			5,537,923	5,497,886
Tax liens fines & other	9,685,112	4,403,140	45	90	9,685,157	4,403,230
Intergovernmental	125,718,514	136,617,059			125,718,514	136,617,059
Contributions & Donations	10,559,327	8,238,230			10,559,327	8,238,230
Earnings on investments	107,047	1,239,349			107,047	1,239,349
Other	4,417,788	3,764,590	106,309	117,909	4,524,097	3,882,499
Total revenues	<u>381,010,344</u>	<u>350,165,995</u>	<u>9,749,366</u>	<u>9,274,456</u>	<u>390,759,710</u>	<u>359,440,451</u>

Continued

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2009

### Changes in Net Assets for the period ending June 30, 2009 and June 30, 2008 (Government-wide level)

	<u>Governmental Activities</u>		<u>Business-Type Activities **</u>		<u>Total **</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Expenses:						
General government	9,175,028	12,122,081			9,175,028	12,122,081
Public safety	64,418,136	60,435,155			64,418,136	60,435,155
Public Infrastructure	9,967,293	2,150,506			9,967,293	2,150,506
Public works	32,266,374	41,303,251			32,266,374	41,303,251
Education	238,967,494	225,128,996			238,967,494	225,128,996
Community and economic development	7,387,919	6,937,788			7,387,919	6,937,788
Health & human services	9,138,126	8,057,348			9,138,126	8,057,348
Municipal airport	154	175,815			154	175,815
Culture and recreation	7,869,937	7,178,535			7,869,937	7,178,535
Debt service (interest)	( 887,802)	5,017,073			( 887,802)	5,017,073
Debt administrative fees						
Miscellaneous	204,191	199,310			204,191	199,310
State and county charges	6,336,508	5,790,318			6,336,508	5,790,318
Interest and fiscal charges	4,532,219				4,532,219	
Water			9,337,547	8,819,228	9,337,547	8,819,228
Airport			1,038,044	1,058,984	1,038,044	1,058,984
Total expenses	389,375,577	374,496,176	10,375,591	9,878,212	399,751,168	384,374,388
Increase (decrease) in net assets before transfers	( 8,365,233)	( 24,330,181)	( 626,225)	( 603,756)	( 8,991,458)	( 24,933,937)
Transfers of capital assets net of debt from government activities	489,030		( 489,030)			
Transfers from other funds		1,589,578		( 1,589,578)		
Bond proceeds			352,021		352,021	
Increase (decrease) in net assets	( 7,876,203)	( 22,740,603)	( 763,234)	( 2,193,334)	( 8,639,437)	( 24,933,937)
Net assets - beginning **	95,709,647	118,450,250	39,815,771	42,009,105	135,525,418	160,459,355
Net assets – ending	\$ 87,833,444	\$ 95,709,647	\$ 39,052,537	\$ 39,815,771	\$ 126,885,981	\$ 135,525,418

\*\* This category was restated - Refer to restatement note (page 72) for explanation.

The majority of general revenues are tax collections from the City's taxpayers. This amount represented 38% of the total general revenues of \$241 million. The operating grants are also a significant source of revenue for the City. The total operating grants for fiscal year ended June 30, 2009 amounted to \$91,722,563 of which \$66,472,841 were received for education.

The most significant expense of the City is education which represented 47% of total expenses, followed by public safety at 12%.

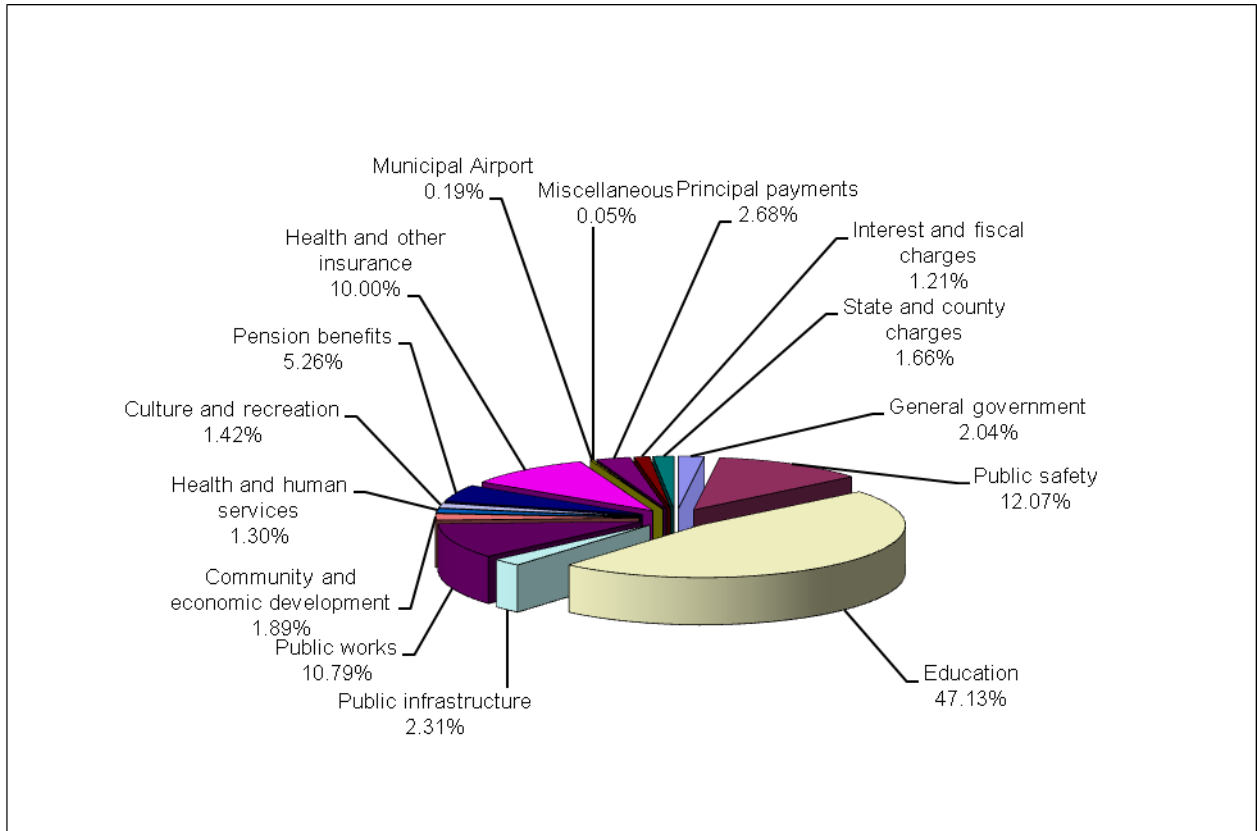
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# CITY OF NEW BEDFORD, MASSACHUSETTS

## Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2009

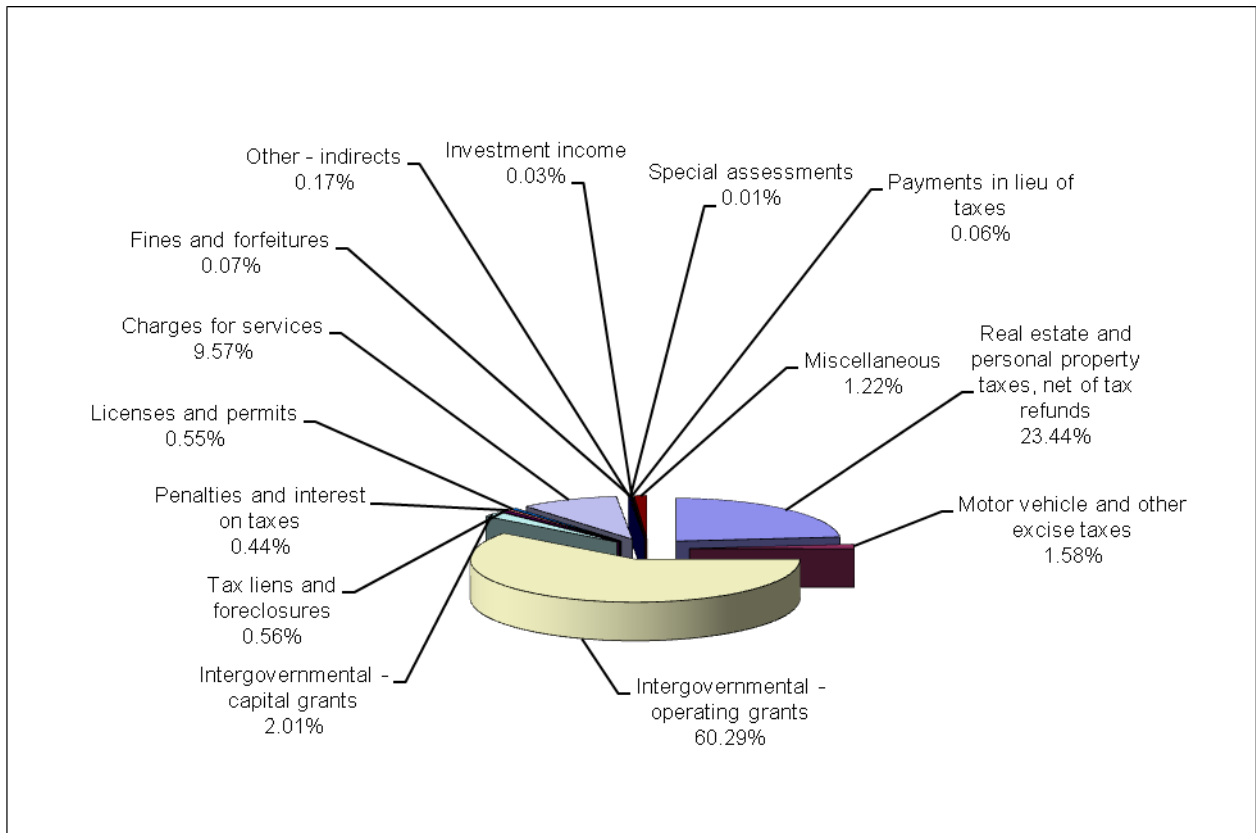
### Governmental Funds – Expenditures by Function



## CITY OF NEW BEDFORD, MASSACHUSETTS

### Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2009



#### Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on the near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's governmental funds reported combined ending fund balances of \$14,129,391 for fiscal year ended June 30, 2009 and \$24,943,179 for fiscal year ended June 30, 2008. This decrease in fiscal year ended June 30, 2009, totaling \$10,813,788 is primarily due to expenditures exceeding revenues in the governmental funds by \$19 million.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the general fund of \$17,036,666 of which \$16,450,426 was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balances and total fund balances to total fund expenditures. Total fund balance and unreserved fund balance represent approximately 6.10% and 5.89% of total general fund expenditures, respectively.

The stabilization fund had a fund balance of \$6,466,560 at the end of fiscal year 2009 and a balance of \$9,350,417 at the end of fiscal year 2008. During the year net transfers were \$3,161,090 out and investment income of \$277,298 was earned.

*Continued*

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2009

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Internal Service Fund is categorized as a governmental activity because it services primarily governmental-type funds. The water and airport funds had net assets of \$31,990,088 and \$7,062,449 as of June 30, 2009 and \$33,171,395 and \$6,644,376 as of June 30, 2008, respectively.

#### Budgetary Highlights

*General Fund.* The major revenue and expenditures categories which changed are briefly summarized as follows:

##### Revenues and Other Sources:

Total budgeted revenues were increased by \$472,269, over the original budget.

- Other departmental revenue was increased by \$992,381.
- Penalties and interest was increased by \$670,000.

##### Expenditures and Other Uses:

Total budgeted appropriations were increased by \$7,992,414 over the original budget

- General government unclassified was increased by \$7,758,787.
- Education – school department was increased by \$1,000,000.
- Public safety – policy was decreased by \$576,527.

The major differences between the actual results of the general fund and the final amended budget are as follows:

- Total revenues were \$13,312,113 lower than budgeted due to the following.
  - \$13,000,700 less collected than anticipated for in state aid.
  - \$408,990 less collected than anticipated for motor vehicle excise.
  - \$337,882 less collected than anticipated for penalties and interest.
  - \$291,371 less collected than anticipated for earnings on investments
  - Departmental school revenues were \$240,249 less than anticipated.
- Total expenditures were lower than anticipated by \$15,831,535 due to the following:
  - \$11,636,436 less spent than budgeted for the school department due to cuts in state aid.
  - Police spent \$878,382 less than budgeted
  - \$656,460 less spent then budgeted for school expenditures
  - Public facilities spent \$599,663 less than budgeted.
  - \$559,408 less spent than budgeted for the fire department.

#### Capital Asset and Debt Administration

**Capital assets:** The City's investment in capital assets for its governmental and business type activities as of June 30, 2009 amounted to \$362,230,474 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, construction in progress and animals, etc. The total increase in the City's investment in capital assets for the current year was 3.23 percent.

*Continued*

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2009

Major capital asset events during the current fiscal year included the Keith Middle School.

### Net of Accumulated Depreciation June 30, 2009

	2009			2008		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 3,152,935	\$ 735,522	\$ 3,888,457	\$ 1,488,808	\$ 735,522	\$ 2,224,330
Easements		962,500	962,500		962,500	962,500
Construction in progress	23,711,312		23,711,312	26,119,614		26,119,614
Infrastructure in progress	4,192,763	786,074	4,978,837	3,827,712	4,388,161	8,215,873
Infrastructure	44,804,420	53,509,920	98,314,340	41,558,229	46,857,906	88,416,135
Land Improvements	334,798	582,137	916,935	345,644	333,483	679,127
Buildings and Improvements	206,925,520	1,711,101	208,636,621	203,576,822	1,751,938	205,328,760
Machinery and Equipment	10,621,687	2,924,293	13,545,980	10,362,784	811,461	11,174,245
Office Equipment and Furniture	1,800,027	12,199	1,812,226	1,505,063	7,795	1,512,858
Computer Equipment	1,563,195	69,389	1,632,584	2,231,656	21,716	2,253,372
Library Books and Textbooks	1,403,734		1,403,734	1,454,040		1,454,040
Automobiles	2,168,730	230,133	2,398,863	2,195,743	314,704	2,510,447
Animals	28,085		28,085	31,534		31,534
	<u>\$ 300,707,206</u>	<u>\$ 61,523,268</u>	<u>\$ 362,230,474</u>	<u>\$ 294,697,649</u>	<u>\$ 56,185,186</u>	<u>\$ 350,882,835</u>

Additional information on the City's capital assets can be found on note 5 on pages 51 through 54 of this report.

**Long-term debt:** The City had total bonded debt outstanding of \$247,486,206 as of June 30, 2009 and \$251,141,880 as of June 30, 2008. The full faith and credit of the City backs this entire amount. Of this amount \$25,244,270 relates to the business type activities.

During the current year the City's total debt decreased by \$3,665,674. This resulted because the City incurred new debt totaling \$8,636,370 and pay downs totaled \$12,292,044 during the fiscal year ended June 30, 2009.

Additional information on the City's long-term debt can be found in note 12 on pages 63 through 69 of this report.

## **CITY OF NEW BEDFORD, MASSACHUSETTS**

### **Management's Discussion and Analysis (MD&A)**

Year Ended June 30, 2009

#### **Economic Factors and Next Year's Budgets and Rates**

State local aid accounted for 49.2 % of total revenue in the 2009 budget. This funding plays a leading role in the annual budget, but leaves the City vulnerable to tax cuts and/or economic downturns at the state level. In 2009, this revenue increased by 2.05 percent but was then reduced by \$2,789,923 due to state cuts to local aid, resulting in no net increase. The City responded with workforce reductions to balance the 2009 budget, and used a half-day furlough to address decreases in revenue expectations in 2010.

Additionally, American Recovery and Reinvestment Act (ARRA) funding was used in 2009 to supplement state aid to the school department and to re-hire police officers and fire fighters laid off during the 2009 downsizing.

The City has met the challenges resulting from decreased revenues by cutting operating expenses while maintaining services and by using some of its reserves for onetime expenditures such as unemployment and final employee payoffs which were incurred as a result of the decrease in the workforce.

New Bedford continues to rank as the top-grossing fishing port in the nation in terms of catch value for a total of \$ 241.3 million in landings and a yield of approximately \$1 billion in benefit to the local economy. This is according to analysis of 2008 data from the National Oceanic and Atmospheric Administration, the most recent available.

The unemployment rate in the City of New Bedford averaged 14.2 % in 2009, down from 15.2 % in 2008, according to data from the Massachusetts Division of Employment and Training.

The City is continuing to engage in significant economic development planning initiatives including the conclusion of the:

- Citywide Master Plan
- Downtown Land-use & Retail Plan
- Harbor Master Plan Update
- South End Gateway Access Plan
- North End International Market Place
- Quest Center & Armory Neighborhood Land Use Study

The revitalization of the city's historic downtown continues, marked most recently by the completion of a new downtown hotel, a 106 room Fairfield Inn & Suites located on the waterfront. The anticipated value of the land and building is approximately \$9.5 million, with anticipated revenue of more than \$236,000 in real property taxes. Additionally, the project has yielded 30 new fulltime jobs.

Investment by companies in the emerging technologies sector, such as Konarka Technologies, Symmetry Medical, Parallel Products of New England and Morgan Ceramics, has resulted in the creation of over 300 new jobs.

The City continues to work with the state and federal governments to establish commuter rail service from Boston to New Bedford, a priority infrastructure project that will greatly enhance economic development opportunities. In September 2009, the Executive Office of Transportation submitted a ARRA TIGER Discretionary Grant for \$71.4 million to build a new transportation hub near the waterfront and downtown. Construction will begin in the summer of 2010 with a \$22 million, 18-month project to refurbish multiple freight rail bridges in New Bedford.

These important economic development initiatives should work towards increasing the property tax base and other revenue streams to the City of New Bedford.

#### **Requests for Information**

This financial report is designed to provide a general overview of the City of New Bedford, Massachusetts' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request additional financial information should be addressed to the City Auditor, 133 Williams Street, New Bedford, Massachusetts.



**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Net Assets

June 30, 2009

	<b>Primary Government</b>			<b>Component Units</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Greater New Bedford Regional Refuse Management District</b>	<b>Non Major Component Units</b>	<b>Total Component Units</b>
<b>ASSETS</b>						
Unrestricted cash and investments	\$ 50,575,347	\$ 2,809,265	\$ 53,384,612	\$ 714,324	\$ 1,963,247	\$ 2,677,571
Restricted cash and investments	6,048,653		6,048,653	13,638,088		13,638,088
Accounts receivable, net of allowance	22,235,263	809,765	23,045,028	603,083	1,024	604,107
Taxes receivable, net	23,771,328		23,771,328			
Loan receivable, net	14,164,521		14,164,521			
Health plan contributions receivable, net						
Accrued interest receivable						
Due from other funds	6,555,952		6,555,952			
Investments in property						
Due from other governments				46,638	1,533,123	1,579,761
Intra-entity receivable						
Receivable from external parties	2,222,101		2,222,101		41,332	41,332
Inventories and prepaid expenses	320,096	313,944	634,040	42,412	713,197	755,609
Other assets - current	337,185	2,212	339,397		1,833	1,833
Bond premium discount						
Deferred advance refunding, net of amortization	823,201		823,201			
Other assets - noncurrent				68,585		68,585
Capital assets						
Land	3,152,935	735,522	3,888,457	5,735,919	1,370,077	7,105,996
Construction in progress	23,711,312		23,711,312	4,443,171		4,443,171
Infrastructure in progress	4,192,763	786,074	4,978,837	5,306,068	13,527,743	18,833,811
Easements		962,500	962,500			
Land improvements, net	334,798	582,137	916,935	143,838	72,956	216,794
Leasehold improvements, net					392,211	392,211
Infrastructure, net	44,804,420	53,509,920	98,314,340			
Building and improvements, net	206,925,520	1,711,101	208,636,621	169,808	6,153,726	6,323,534
Office equipment and furniture, net	1,800,027	12,199	1,812,226	3,150	9,475	12,625
Computer equipment, net	1,563,195	69,389	1,632,584	1,707		1,707
Library books and textbooks, net	1,403,734		1,403,734			
Automobiles, net	2,168,730	230,133	2,398,863		77,200	77,200
Machinery and equipment, net	10,621,687	2,924,293	13,545,980	760,314	12,600	772,914
Animals, net	28,085		28,085			
Total capital assets	<u>300,707,206</u>	<u>61,523,268</u>	<u>362,230,474</u>	<u>16,563,975</u>	<u>21,614,988</u>	<u>38,179,963</u>
Total assets	<u>\$ 427,760,853</u>	<u>\$ 65,458,454</u>	<u>\$ 493,219,307</u>	<u>\$ 31,677,105</u>	<u>\$ 25,869,744</u>	<u>\$ 57,546,849</u>

The accompanying notes are an integral part of this statement

*Continued*

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Net Assets

June 30, 2009

	<b>Primary Government</b>			<b>Component Units</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Greater New Bedford Regional Refuse Management District</b>	<b>Non Major Component Units</b>	<b>Total Component Units</b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 20,692,782	\$ 316,945	\$ 21,009,727	\$ 80,250	\$ 671,036	\$ 751,286
Retainage payable	98,470		98,470			
Due to other governments	5,330		5,330	46,638	1,457,900	1,504,538
Intra-entity payable					947,217	947,217
Due to other funds	5,647,652	212,694	5,860,346			
Payable to external parties	221,174		221,174			
Accrued interest	3,280,002	241,418	3,521,420		28,750	28,750
Deposits held					17,500	17,500
Deferred revenues	102,517		102,517		371,773	371,773
Other liabilities	264,188	112	264,300			
Long-term liabilities:						
Portion due or payable within one year:						
Claims incurred but not reported	4,001,000		4,001,000			
Deposits held in custody				187,209		187,209
Bonds and notes payable	57,291,911	1,415,439	58,707,350	430,000		430,000
Other post employment benefit liability	37,497,484	390,663	37,888,147	255,000		255,000
Capital leases	73,598	22,642	96,240			
Compensated absences	6,143,786	286,223	6,430,009		13,741	13,741
Portion due or payable in more than one year:						
Accrued closure/post closure costs				6,500,642		6,500,642
Bonds and notes payable	193,993,279	23,295,063	217,288,342	1,394,746		1,394,746
Capital leases						
Compensated absences	10,614,236	224,718	10,838,954		123,666	123,666
Total liabilities	<u>\$ 339,927,409</u>	<u>\$ 26,405,917</u>	<u>\$ 366,333,326</u>	<u>\$ 8,894,485</u>	<u>\$ 3,631,583</u>	<u>\$ 12,526,068</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	\$ 46,068,416	\$ 36,548,706	\$ 82,617,122	\$ 14,807,814	\$ 1,427,026	\$ 16,234,840
Restricted for:						
Debt service	3,424,466		3,424,466			
Capital projects	( 29,072,992)		( 29,072,992)			
Special revenue	13,950,027		13,950,027			
Non-expendable bequests	5,102,411		5,102,411			
Appropriation deficits	1,785		1,785			
Other purposes	1,613,870		1,613,870	6,618,925	32,299	6,651,224
Unrestricted	46,745,461	2,503,831	49,249,292	1,355,881	20,778,836	22,134,717
Total net assets	<u>\$ 87,833,444</u>	<u>\$ 39,052,537</u>	<u>\$ 126,885,981</u>	<u>\$ 22,782,620</u>	<u>\$ 22,238,161</u>	<u>\$ 45,020,781</u>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Activities

June 30, 2009

Program Revenues						Net (Expense) Revenue and Changes in Net Assets					
						Primary Government			Component Units		
	Indirect Expense Allocated	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Greater New Bedford Regional District	Nonmajor Component Units	Total Component Units	
Expenses											
Governmental Activities:											
General government	\$ 6,972,838	\$ 2,202,190	\$ 5,401,693	\$ 113,789	\$	\$( 3,659,546)	\$	\$( 3,659,546)	\$	\$	
Public safety	51,315,651	13,102,485	6,315,313		1,392,561	( 53,576,542)		( 53,576,542)			
Public Infrastructure	9,641,568	325,725	179,475		112,460	( 9,675,358)		( 9,675,358)			
Public works	30,420,596	1,845,778	17,441,152	11,185,933		( 3,639,289)		( 3,639,289)			
Health and human services	5,833,592	3,304,534	3,839,372	2,036,952	38,840	( 3,222,962)		( 3,222,962)			
Education	190,485,788	48,481,706	4,063,076	66,472,841	8,109,089	( 160,322,488)		( 160,322,488)			
Community and economic development	7,387,919		( 934,935)	7,866,221	613,201	156,568		156,568			
Culture and recreation	6,623,667	1,246,270	881,458	241,283	50,282	( 6,696,914)		( 6,696,914)			
Municipal airport	154		10,053	671,824	44,540	726,263		726,263			
Pension benefits	20,112,623	( 20,112,623)									
Health and other insurance	50,396,065	( 50,396,065)									
Miscellaneous	204,191					( 204,191)		( 204,191)			
State and county charges	6,336,508					( 6,336,508)		( 6,336,508)			
Debt service:											
Administrative fees	( 887,802)					887,802		887,802			
Interest and fiscal charges	4,532,219					( 4,532,219)		( 4,532,219)			
Total governmental activities	389,375,577		37,196,657	91,722,563	10,360,973	( 250,095,384)		( 250,095,384)			
Business-Type Activities:											
Water	9,337,547		8,734,997		188,869		( 413,681)	( 413,681)			
Airport	1,038,044		719,146				( 318,898)	( 318,898)			
Total business-type activities	10,375,591		9,454,143		188,869		( 732,579)	( 732,579)			
Total primary government	399,751,168		46,650,800	91,722,563	10,549,842	( 250,095,384)	( 732,579)	( 250,827,963)			
Component Units:											
Greater New Bedford Regional Refuse Management District	3,896,556		4,876,863					980,307		980,307	
Non-major component units	7,592,556		1,818,524	5,479,237	6,541,984				6,247,189	6,247,189	
Total component units	11,489,112		6,695,387	5,479,237	6,541,984			980,307	6,247,189	7,227,496	
Total City of New Bedford	\$ 411,240,280	\$	\$ 53,346,187	\$ 97,201,800	\$ 17,091,826	\$( 250,095,384)	\$( 732,579)	\$( 250,827,963)	\$ 980,307	\$ 6,247,189	\$ 7,227,496

The accompanying notes are an integral part of this statement

*Continued*

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Statement of Activities

June 30, 2009

<b>Program Revenues</b>					<b>Net (Expense) Revenue and Changes in Net Assets</b>					
<u>Expenses</u>	<u>Indirect Expense Allocated</u>	<u>Fees, Fines and Charges and Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<i>Primary Government</i>			<u>Greater New Bedford Regional District</u>	<i>Component Units</i>	
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>		<u>Nonmajor Component Units</u>	<u>Total Component Units</u>
General revenues:										
Real estate and personal property, net of reserve for abatements					\$ 85,704,440	\$	\$ 85,704,440			
Motor vehicle and other excise taxes					5,537,923		5,537,923			
Distribution - School Aid					99,286,975		99,286,975			
Distribution - Lottery					25,194,030		25,194,030			
Distribution - Additional aid					646,459		646,459			
Exemptions - Veteran's blind, surviving spouse & elderly					557,952		557,952			
State owned land					33,098		33,098			
Tax foreclosures					7,627,568		7,627,568			
Penalties and interest on taxes					1,582,118		1,582,118			
Fines and forfeitures					244,203	45	244,248			
Earnings on investments					107,047		107,047	460,322	15,625	475,947
Payments in lieu of taxes					231,223		231,223			
Contributions and donations					10,559,327		10,559,327			
Miscellaneous					4,417,788	106,309	4,524,097		54,743	54,743
Total general revenues					241,730,151	106,354	241,836,505	460,322	70,368	530,690
Transfers/Special Items:										
Transfer from other funds										
Special item – Transfer of Capital Asset net of debt from Governmental activities - airport					( 736,926)	736,926				
Special item – Transfer of capital asset net of debt from governmental activities – water					1,225,956	( 1,225,956)				
Special item –Bond proceeds						352,021	352,021			
Change in net assets					( 7,876,203)	( 763,234)	( 8,639,437)	1,440,629	6,317,557	7,758,186
Net assets-beginning, restated					95,709,647	39,815,771	135,525,418	21,341,991	15,920,604	37,262,595
Net assets-ending					\$ 87,833,444	\$ 39,052,537	\$ 126,885,981	\$ 22,782,620	\$ 22,238,161	\$ 45,020,781

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Balance Sheet  
Governmental Funds

June 30, 2009

	<u>General Fund</u>	<u>Wastewater Fund</u>	<u>Stabilization</u>	<u>Non-Major Governmental Funds</u>	<u>Governmental Funds</u>
<b>ASSETS</b>					
Cash and investments, unrestricted	\$ 13,135,459	\$ 3,787,621	\$ 7,868,407	\$ 24,082,637	\$ 48,874,124
Cash, restricted		6,048,653			6,048,653
Receivables, net:					
Real estate and personal property taxes	4,121,750				4,121,750
Tax liens	18,267,223				18,267,223
Motor vehicle and boat excise	1,436,452				1,436,452
User charges receivables		1,491,923			1,491,923
Accrued interest					
Departmental and other	4,677,097	40,824			4,717,921
Loans receivable				18,146,340	18,146,340
Other receivables	1,285,390	( 2,899)		467,323	1,749,814
Special assessments	2,205	334,980			337,185
Due from federal or state government	372,616			14,848,725	15,221,341
Due from other funds	3,917,895	822,111		285,442	5,025,448
Due from external parties	2,222,101				2,222,101
Inventories		73,178		246,918	320,096
Total assets	<u>\$ 49,438,188</u>	<u>\$ 12,596,391</u>	<u>\$ 7,868,407</u>	<u>\$ 58,077,385</u>	<u>\$ 127,980,371</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
Liabilities:					
Warrants payable	\$ 2,591,068	\$ 790,289	\$	\$ 2,847,895	\$ 6,229,252
Accounts payable and accrued expenses	9,802,462	508,203		3,330,828	13,641,493
Retainage payable				98,470	98,470
Bonds and notes payable				45,874,874	45,874,874
Interim loan payable					
Due to other funds	1,132,023	2,879,819	1,401,847	455,137	5,868,826
Due to other governments				5,330	5,330
Other liabilities	231,586			32,602	264,188
Deferred revenue	<u>18,644,383</u>	<u>1,922,466</u>		<u>21,301,698</u>	<u>41,868,547</u>
Total liabilities	<u>32,401,522</u>	<u>6,100,777</u>	<u>1,401,847</u>	<u>73,946,834</u>	<u>113,850,980</u>
Fund balances (deficits):					
Reserved for:					
Encumbrances	62,891				62,891
Debt Service	523,890	2,900,576			3,424,466
Non expendable bequests				5,102,411	5,102,411
Other specific purposes	( 541)	1,614,411			1,613,870
Unreserved	16,450,426	1,980,627			18,431,053
Undesignated, reported in nonmajor:					
Special revenue funds			6,466,560	7,483,467	13,950,027
Capital project funds				( 29,072,992)	( 29,072,992)
Permanent funds				617,665	617,665
Total fund balances (deficits)	<u>17,036,666</u>	<u>6,495,614</u>	<u>6,466,560</u>	<u>( 15,869,449)</u>	<u>14,129,391</u>
Total liabilities and fund balances	<u>\$ 49,438,188</u>	<u>\$ 12,596,391</u>	<u>\$ 7,868,407</u>	<u>\$ 58,077,385</u>	<u>\$ 127,980,371</u>

The accompanying notes are an integral part of this statement

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

For the Year Ended June 30, 2009

	<u>General Fund</u>	<u>Wastewater Fund</u>	<u>Stabilization</u>	<u>Non-Major Governmental Funds</u>	<u>Governmental Funds</u>
<b>REVENUE</b>					
Real estate and personal property taxes	\$ 85,226,605	\$	\$	\$	\$ 85,226,605
Motor vehicle and other excise taxes	5,754,497				5,754,497
Tax liens and foreclosures	2,044,574				2,044,574
Penalties and interest on taxes	1,582,118				1,582,118
Licenses and permits	1,999,820				1,999,820
Fines and forfeitures	244,203				244,203
Investment income	508,629	345,397	277,298	( 1,026,407)	104,917
Intergovernmental - operating grants	159,690,419	6,406,650		53,080,972	219,178,041
Intergovernmental - capital grants				7,296,070	7,296,070
Charges for services	15,143,553	17,322,512		2,322,500	34,788,565
Other - indirect	602,941				602,941
Special assessments and betterments	18,334				18,334
Payments in lieu of taxes	231,223				231,223
Miscellaneous	<u>806,209</u>	<u>400,406</u>		<u>3,240,037</u>	<u>4,446,652</u>
Total revenues	<u>273,853,125</u>	<u>24,474,965</u>	<u>277,298</u>	<u>64,913,172</u>	<u>363,518,560</u>
<b>EXPENDITURES</b>					
General government	6,555,038			1,261,994	7,817,032
Public safety	41,565,424			4,591,386	46,156,810
Public Infrastructure				8,824,912	8,824,912
Education	131,139,140		65	49,164,615	180,303,820
Public works	16,718,858	19,385,930		5,179,259	41,284,047
Community and economic development				7,213,619	7,213,619
Health and human services	3,943,484			1,030,259	4,973,743
Municipal airport				737,080	737,080
Culture and recreation	4,532,348			902,843	5,435,191
Pension benefits	20,112,623				20,112,623
Health and other insurance	38,243,298				38,243,298
Miscellaneous	204,191				204,191
State and county charges	6,336,508				6,336,508
Debt service:					
Principal payments	5,231,598	5,030,442			10,262,040
Interest and fiscal charges	<u>4,633,439</u>				<u>4,633,439</u>
Total expenditures	<u>279,215,949</u>	<u>24,416,372</u>	<u>65</u>	<u>78,905,967</u>	<u>382,538,353</u>
Excess (deficiency) of revenues over expenditures	<u>( 5,362,824)</u>	<u>58,593</u>	<u>277,233</u>	<u>( 13,992,795)</u>	<u>( 19,019,793)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds				8,644,082	8,644,082
Transfers in	8,441,318	4,339,497	3,950,052	693,983	17,424,850
Transfers out	<u>( 4,599,104)</u>	<u>( 4,608,562)</u>	<u>( 7,111,142)</u>	<u>( 1,544,119)</u>	<u>( 17,862,927)</u>
Total other financing sources and (uses)	<u>3,842,214</u>	<u>( 269,065)</u>	<u>( 3,161,090)</u>	<u>7,793,946</u>	<u>8,206,005</u>
Net change in fund balances	<u>( 1,520,610)</u>	<u>( 210,472)</u>	<u>( 2,883,857)</u>	<u>( 6,198,849)</u>	<u>( 10,813,788)</u>
Fund balances-beginning, restated	<u>18,557,276</u>	<u>6,706,086</u>	<u>9,350,417</u>	<u>( 9,670,600)</u>	<u>24,943,179</u>
Fund balances-ending	<u>\$ 17,036,666</u>	<u>\$ 6,495,614</u>	<u>\$ 6,466,560</u>	<u>\$ ( 15,869,449)</u>	<u>\$ 14,129,391</u>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

**Reconciliation of the Governmental Funds Balance Sheet  
Total Fund Balances to the Statement of Net Assets**

Fiscal Year Ended June 30, 2009

Total governmental fund balances	\$ 14,129,391
Record allowance for doubtful accounts that are financial resources, for the governmental funds.	( 4,981,652)
Record advance refunding and related amortization that is not reported in the Governmental funds	823,201
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	300,707,205
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	41,766,030
Internal service funds are used by management to account for health insurance and workers' compensation activities.	
The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.	( 1,591,310)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	( 3,280,002)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds and notes payable	(205,410,315)
Compensated absences	( 16,758,022)
Capital leases	( 73,598)
Other postemployment benefits	<u>( 37,497,484)</u>
Net assets of governmental activities	<u>\$ 87,833,444</u>

The accompanying notes are an integral part of this statement

## CITY OF NEW BEDFORD, MASSACHUSETTS

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Fiscal Year Ended June 30, 2009

Net change in fund balances - total governmental funds	\$( 10,813,788)
To record allowance for doubtful accounts that are resources for governmental funds	( 1,098,955)
To record advance refunding and related amortization that is not recorded in the Governmental funds	( 157,232)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	6,009,557
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.	8,029,282
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	10,623,200
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	258,452
The other postemployment benefit expense reported in the statement of activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds.	( 19,306,666)
Some expenses reported in the Statement of Activities, such as compensated absences, do not require current financial resources and, therefore, are not reported as expenditures in the governmental funds.	( 266,820)
Internal service funds are used by management to account for health insurance and workers' compensation activities.	
The net activity of internal service funds is reported with governmental activities	<u>( 1,153,233)</u>
Change in net assets of governmental activities	<u>\$( 7,876,203)</u>

The accompanying notes are an integral part of this statement



**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Net Assets  
Proprietary Funds

June 30, 2009

	<b>Business-Type Activities</b>			<b>Governmental Activities- Internal Service Funds</b>
	<b>Water</b>	<b>Airport</b>	<b>Total</b>	
<b>ASSETS</b>				
Current assets:				
Cash and short-term investments	\$ 2,833,565	\$ ( 24,300)	\$ 2,809,265	\$ 1,701,223
User charges receivables, net	748,497		748,497	
Other receivables, net	30,106	31,162	61,268	
Due from other funds				1,530,504
Deposits with others				
Inventory	313,944		313,944	
Other assets	<u>2,212</u>		<u>2,212</u>	
Total current assets	<u>3,928,324</u>	<u>6,862</u>	<u>3,935,186</u>	<u>3,231,727</u>
Non-current assets:				
Land	600,000	135,522	735,522	
Easements	962,500		962,500	
Infrastructure in progress		786,074	786,074	
Infrastructure, net	49,966,106	3,543,814	53,509,920	
Land improvements, net		582,137	582,137	
Building and improvements, net	45,081	1,666,020	1,711,101	
Machinery and equipment, net	2,580,182	344,111	2,924,293	
Office equipment and furniture, net	11,693	506	12,199	
Computer equipment, net	22,229	47,160	69,389	
Automobiles, net	<u>177,836</u>	<u>52,297</u>	<u>230,133</u>	
Total non-current assets	<u>54,365,627</u>	<u>7,157,641</u>	<u>61,523,268</u>	
Total assets	<u>\$ 58,293,951</u>	<u>\$ 7,164,503</u>	<u>\$ 65,458,454</u>	<u>\$ 3,231,727</u>
<b>LIABILITIES</b>				
Current liabilities:				
Warrants payable				
Accounts payable and accrued expenses	\$ 310,266	\$ 6,679	\$ 316,945	\$ 822,037
Accrued interest	241,418		241,418	
Bonds payable	1,415,439		1,415,439	
Capital leases	22,642		22,642	
Compensated absences	248,606	37,617	286,223	
Due to other funds	212,694		212,694	
Other liabilities	112		112	
Claims incurred but not reported				4,001,000
Total current liabilities	<u>2,451,177</u>	<u>44,296</u>	<u>2,495,473</u>	<u>4,823,037</u>
Non-current liabilities:				
Bonds payable	23,295,063		23,295,063	
Capital leases				
Compensated absences	211,243	13,475	224,718	
Other post-employment liability	<u>346,380</u>	<u>44,283</u>	<u>390,663</u>	
Total non-current liabilities	<u>23,852,686</u>	<u>57,758</u>	<u>23,910,444</u>	
Total liabilities	<u>\$ 26,303,863</u>	<u>\$ 102,054</u>	<u>\$ 26,405,917</u>	<u>\$ 4,823,037</u>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	\$ 29,391,065	\$ 7,157,641	\$ 36,548,706	\$
Restricted				
Reserved for revenue deficit				
Unrestricted	<u>\$ 2,599,023</u>	<u>( 95,192)</u>	<u>2,503,831</u>	<u>( 1,591,310)</u>
Total net assets	<u>\$ 31,990,088</u>	<u>\$ 7,062,449</u>	<u>\$ 39,052,537</u>	<u>\$ ( 1,591,310)</u>

The accompanying notes are an integral part of this statement

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Statement of Revenues, Expenses and Changes in Net Assets Proprietary Funds

For the Year Ended June 30, 2009

	<u>Business-Type Activities</u>			<u>Governmental Activities- Internal Service Funds</u>
	<u>Water</u>	<u>Airport</u>	<u>Total</u>	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 8,597,269	\$ 719,146	\$ 9,316,415	\$
Utility liens and penalties	137,728		137,728	
Fines and forfeitures		45	45	
Capital grants and contributions	188,869		188,869	
Interfund services provided				
Contributions (employee & employer)				47,017,628
Miscellaneous	<u>106,309</u>	<u></u>	<u>106,309</u>	<u></u>
Total operating revenues	<u>9,030,175</u>	<u>719,191</u>	<u>9,749,366</u>	<u>47,017,628</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	2,835,083	400,453	3,235,536	31,165
Services and supplies	3,827,522	335,169	4,162,691	108,927
Depreciation expense	1,970,686	302,422	2,273,108	
Health & other insurance	<u></u>	<u></u>	<u></u>	<u>48,470,976</u>
Total operating expenses	<u>8,633,291</u>	<u>1,038,044</u>	<u>9,671,335</u>	<u>48,611,068</u>
Operating income (loss)	<u>396,884</u>	<u>( 318,853)</u>	<u>( 78,031)</u>	<u>( 1,593,440)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings				2,130
Debt service - interest payments	( 704,256)		( 704,256)	
Investment income	<u></u>	<u></u>	<u></u>	<u></u>
Total nonoperating revenue (expenses)	<u>( 704,256)</u>	<u></u>	<u>( 704,256)</u>	<u>2,130</u>
Income (loss) before transfers	<u>( 307,372)</u>	<u>( 318,853)</u>	<u>( 626,225)</u>	<u>( 1,591,310)</u>
<b>TRANSFERS</b>				
Proceeds from bond issue	352,021		352,021	
Transfers In – operating				1,731,011
Transfers out – operating				( 1,292,934)
Transfers in – capital	6,813,502	736,926	7,550,428	
Transfers out – capital	<u>( 8,039,458)</u>	<u></u>	<u>( 8,039,458)</u>	<u></u>
Total Transfers	<u>( 873,935)</u>	<u>736,926</u>	<u>( 137,009)</u>	<u>438,077</u>
Change in net assets	<u>( 1,181,307)</u>	<u>418,073</u>	<u>( 763,234)</u>	<u>( 1,153,233)</u>
Total net assets-beginning, restated	<u>33,171,395</u>	<u>6,644,376</u>	<u>39,815,771</u>	<u>( 438,077)</u>
Total net assets-ending	<u>\$ 31,990,088</u>	<u>\$ 7,062,449</u>	<u>\$ 39,052,537</u>	<u>\$ ( 1,591,310)</u>

The accompanying notes are an integral part of this statement

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Statement of Cash Flows Proprietary Funds

For the Year Ended June 30, 2009

	<u>Business-Type Activities</u>			<u>Governmental Activities- Internal Service Funds</u>
	<u>Water</u>	<u>Airport</u>	<u>Total</u>	
<b>Cash flows from operating activities:</b>				
Cash received from employee and employer contributions and governmental units	\$	\$	\$	\$ 49,830,074
Cash received from customers	8,795,537	710,365	9,505,902	
Payments from/(to) suppliers and employees	( 6,397,430)	( 736,639)	( 7,134,069)	( 51,420,812)
Cash received from interfund services provided				1,168,841
Payments to participants and employees				
Internal activity-payments from (to) other funds	212,695		212,695	
Other receipts		45	45	
Net cash provided (used) by operating activities	<u>2,610,802</u>	<u>( 26,229)</u>	<u>2,584,573</u>	<u>( 421,897)</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers in (out)				438,077
Net cash provided (used) by noncapital financing activities				438,077
<b>Cash flows from capital and related financing activities:</b>				
Purchases and construction of capital assets	( 7,750,412)		( 7,750,412)	
Principal paid on capital leases		( 569)	( 569)	
Principal paid on capital debt	6,645,108		6,645,108	
Interest paid on capital debt	( 689,509)		( 689,509)	
Net cash provided (used) by capital and related financing activities	<u>( 1,794,813)</u>	<u>( 569)</u>	<u>( 1,795,382)</u>	
<b>Cash flows from investing activities:</b>				
Interest and dividends				2,130
Net cash used by investing activities				2,130
Net increase in cash and cash equivalents	815,989	( 26,798)	789,191	18,310
Balances-beginning of the year	<u>2,017,576</u>	<u>2,498</u>	<u>2,020,074</u>	<u>1,682,913</u>
Balances-end of the year	<u>\$ 2,833,565</u>	<u>\$( 24,300)</u>	<u>\$ 2,809,265</u>	<u>\$ 1,701,223</u>
Displayed as:				
Cash and short-term investments	<u>\$ 2,833,565</u>	<u>\$( 24,300)</u>	<u>\$ 2,809,265</u>	<u>\$ 1,701,223</u>
Total cash and short-term investments	<u>\$ 2,833,565</u>	<u>\$( 24,300)</u>	<u>\$ 2,809,265</u>	<u>\$ 1,701,223</u>

The accompanying notes are an integral part of this statement

*Continued*  
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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Cash Flows  
Proprietary Funds

For the Year Ended June 30, 2009

	<u>Business-Type Activities</u>			<u>Governmental Activities- Internal Service Funds</u>
	<u>Water</u>	<u>Airport</u>	<u>Total</u>	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 396,884	\$( 318,853)	\$( 78,031)	\$( 1,593,440)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	1,970,686	302,422	2,273,108	
Change in assets and liabilities:				
(Increase) decrease in user charges receivables, net	( 158,394)		( 158,394)	
(Increase) decrease in utility liens	( 96,348)		( 96,348)	
(Increase) decrease other receivables, net	20,104		20,104	
(Increase) decrease other assets		( 8,781)	( 8,781)	
Increase (decrease) due from other funds				2,812,446
Increase (decrease) inventory, net	( 12,559)		( 12,559)	
Increase (decrease) in escrow funds held				1,168,841
Increase (decrease) warrants and accounts payable	36,038	( 17,016)	19,022	( 5,059,607)
Increase (decrease) in other post-employment benefits	178,805	22,907	201,712	
Increase (decrease) in due to other funds	212,695		212,695	
Increase (decrease) in capital leases	( 21,505)		( 21,505)	
Increase (decrease) compensated absences	84,396	( 6,908)	77,488	
Increase (decrease) in incurred but not reported				2,249,863
Net cash provided (used) by operating activities	<u>\$ 2,610,802</u>	<u>\$( 26,229)</u>	<u>\$ 2,584,573</u>	<u>\$( 421,897)</u>

The accompanying notes are an integral part of this statement

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Statement of Fiduciary Net Assets  
Fiduciary Funds and Similar Component Units

June 30, 2009

	<b><u>Pension Trust Fund (As of December 31, 2008)</u></b>	<b><u>Private Purpose Trust Funds</u></b>	<b><u>Agency</u></b>	<b><u>Total</u></b>
<b>Assets</b>				
Cash and short-term investments	\$ 15,759,164	\$ 425	\$ 5,544,361	\$ 21,303,950
Investments	162,197,187	10,788		162,207,975
Receivables, net of allowance or uncollectable:				
Employee	281			281
Interest and dividends	540,459			540,459
Other	45,664		33,468	79,132
Due from external parties - component unit				
Due from external parties - primary government			330,238	330,238
Due from other governments	<u>183,144</u>	<u></u>	<u></u>	<u>183,144</u>
Total assets	<u>\$ 178,725,899</u>	<u>\$ 11,213</u>	<u>\$ 5,908,067</u>	<u>\$ 184,645,179</u>
<b>Liabilities</b>				
Warrants payable	\$	\$	\$ 29,862	\$ 29,862
Accounts payable and accrued expenses	120,541		447,019	567,560
Due to other governments				
Payable to external parties – component unit				
Payable to external parties - primary government			804,670	804,670
Deposits held	1,113,589		4,626,516	5,740,105
Other Liabilities	<u></u>	<u></u>	<u></u>	<u></u>
Total liabilities	<u>1,234,130</u>	<u></u>	<u>5,908,067</u>	<u>7,142,197</u>
<b>Net Assets</b>				
Held in trust for pension benefits and other purposes	<u>\$ 177,491,769</u>	<u>\$ 11,213</u>	<u>\$</u>	<u>\$ 177,502,982</u>

The accompanying notes are an integral part of this statement

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Statement of Changes in Fiduciary Net Assets Fiduciary Funds and Similar Component Units

June 30, 2009

	<b><u>Pension Trust Fund (As of December 31, 2008)</u></b>	<b><u>Private Purpose Trust Funds</u></b>	<b><u>Total</u></b>
<b>Additions:</b>			
Contributions:			
Employer	\$ 23,742,824	\$	\$ 23,742,824
Employee	8,657,421		8,657,421
Miscellaneous Income	<u>14</u>	<u>336</u>	<u>350</u>
Total contributions	<u>32,400,259</u>	<u>336</u>	<u>32,400,595</u>
Net investment income:			
Dividends and interest	6,104,623	663	6,105,286
Net appreciation in fair value of investments	( 73,131,756)	( 1,291)	( 73,133,047)
	<u>( 67,027,133)</u>	<u>( 914)</u>	<u>( 73,133,047)</u>
Total investment income	<u>( 67,027,133)</u>	<u>( 1,542)</u>	<u>( 67,028,675)</u>
Less: investment expense	<u>1,707,081</u>		<u>1,707,081</u>
Net investment income	<u>( 68,734,214)</u>	<u>( 1,542)</u>	<u>( 68,735,756)</u>
Intergovernmental	1,518,211		1,518,211
Total Additions	<u>( 34,815,744)</u>	<u>( 1,206)</u>	<u>( 34,816,950)</u>
<b>Deductions:</b>			
Retirement benefits	31,586,321		31,586,321
Administration	407,550	232	407,782
Transfers, reimbursements and refunds	<u>1,868,206</u>		<u>1,868,206</u>
Total Deductions	<u>33,862,077</u>	<u>232</u>	<u>33,862,309</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	<u></u>	<u></u>	<u></u>
Total Other Financing Sources (Uses)	<u></u>	<u></u>	<u></u>
Change in Net Assets	( 68,677,821)	( 1,438)	( 68,679,259)
Net Assets at Beginning of Year	<u>246,169,590</u>	<u>12,651</u>	<u>246,182,241</u>
Net Assets at End of Year	<u>\$ 177,491,769</u>	<u>\$ 11,213</u>	<u>\$ 177,502,982</u>

The accompanying notes are an integral part of this statement

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### *1. Summary of Significant Accounting Policies*

The accompanying basic financial statements of the City of New Bedford (the City) are presented in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

#### **A. Reporting Entity**

The City is a Massachusetts municipal corporation with a Mayor-Council form of government. These financial statements present the City (the primary government) and its component units. The component units are legally separate entities that are included in the City's reporting entity because of the significance of their operating or financial relationships with the City.

##### *Discretely Presented Component Units:*

This component unit is reported in a separate column to emphasize that it is legally separate from the City, but is included because the City is financially accountable for and is able to impose its will on the organization. Unless otherwise indicated, the notes to the basic financial statements pertain to primary government because certain disclosures of the component unit are not significant relative to the primary government. A description of the component unit, criteria for inclusion and its relationship with the City is as follows:

Greater New Bedford Regional Refuse Management District is an inter-municipal landfill benefitting the City of New Bedford and the adjacent Town of Dartmouth. The Refuse District is governed by a six member committee, three of whom are appointed by the City and three of whom shall be appointed by the Town of Dartmouth. Although legally separate, the Greater New Bedford Regional Refuse Management District is reported on the government-wide financial statements as a component unit. Separate financial statements for the Greater New Bedford Regional Refuse Management District are not included in this financial statement presentation. These financial statements could be obtained by contacting the Greater New Bedford Regional Refuse Management District.

##### *Blended Component Units:*

The following component units have been presented as blended component units (included in the primary government) because the component unit provides services entirely or almost entirely for the benefit of the City.

The Harbor Development Commission was established under the Acts of 1957 as a Public Instrumentality to develop and market both the New Bedford Harbor as well as the waterfront properties. The Harbor Development Commission manages the local marina, harbors and waterways on behalf of the City. The Commission is made up of seven members, of which the mayor is the chairperson and six other appointed members. Although legally separate, the Harbor Development Commission is reported on the government-wide financial statements as a non-major component unit. Separate financial statements for the Harbor Development Commission are not included in this financial statement presentation. These financial statements could be obtained by contacting the Harbor Development Commission.

Department of Workforce Development Administration (DWDA)/New Directions was established pursuant to the Job Training Partnership Act of 1982, 29 U.S.C. Sec. 1501 et seq. to provide employment training programs to eligible individuals. Although legally separate, Department of Workforce Development Administration (DWDA) is reported on the government-wide financial statements as a non-major component unit. Separate financial statements for Department of Workforce Development Administration (DWDA) are not included in this financial statement presentation. These financial statements could be obtained by contacting New Directions.

*Continued*

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### *1. Summary of Significant Accounting Policies (Continued)*

#### **A. Reporting Entity (Continued)**

The Redevelopment Authority was organized under the provisions of Massachusetts General Laws 121B. The purpose of the Authority is to engage in urban renewal projects and other related work. The Redevelopment Authority is reported on the government-wide financial statements as a non-major component unit. Separate financial statements for the Redevelopment Authority are not included in this financial statement presentation. These financial statements could be obtained by contacting the Redevelopment Authority.

The Contributory Retirement System (CRS) is a defined benefit contributory retirement plan covering employees of the City and certain other entities. The City Auditor is an ex-officio member of the System's Board and the City is the largest employer in the System. The Retirement System accounts for resources available to be used for payment of pension benefits. The Retirement System is reported on the Fiduciary Fund financial statements, as a similar component unit

#### *Government-Wide and Fund Financial Statements*

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's public safety, parks, library and recreation, public works, wastewater, and general administrative services are classified as governmental activities. The City's water and airport services are classified as business-type activities.

#### **B. Government-Wide Statements**

In the government-wide Statement of Net Assets, the governmental column is presented on a consolidated basis by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (police, fire, public works, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses



# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### *1. Summary of Significant Accounting Policies (Continued)*

#### **B. Government-Wide Statements (Continued)**

(including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with function (police, public works, community and economic development, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. However, fiduciary funds are not included in the government-wide statements since these assets are held for the benefit of private parties and pension participants, and cannot be used to satisfy obligations of the primary government. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The net costs (by function) are normally covered by general revenue (property, sales taxes, intergovernmental revenues, interest income, etc.)

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

#### **C. Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the financial statements. Non-major funds are aggregated and displayed in a single column.

Major Fund Criteria:

Major funds must be reported if the following criteria are met:

- If the total assets; liabilities, revenues or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities; etc.) for all funds of the category or type (total governmental or total enterprise funds) and,
- If the total assets, liabilities, revenues or expenditures/expense of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise combined.

Additionally, any other governmental or enterprise fund that management believes is of particular significance to the basic financial statements may be reported as a major fund.

Internal service funds and fiduciary funds are reported by fund type.

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### *1. Summary of Significant Accounting Policies (Continued)*

#### **C. Fund Financial Statements (Continued)**

The following funds are used by the City:

##### *Governmental Funds*

The focus of the governmental funds' measurement (in the fund statements) is upon determination of the financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- a. **General fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. **Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).
- d. **Permanent funds** contain resources that are legally restricted to the extent that only earnings may be used for purposes that support the reporting government's programs.

##### *Proprietary Funds*

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The accounting principles generally accepted in the United States applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods and services and the activity is financed with debt that is solely secured by a pledge of the net revenues, has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or establishes fees and charges based on a pricing policy designed to recover similar costs.
- b. **Internal service funds** are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the City on a cost-reimbursement basis.

##### *Fiduciary Funds*

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

- a. **Private purpose trust funds** are used to account for trust arrangements, other than those properly reported in the permanent fund under which principal and investment income exclusively benefits individual, private organizations or other governments.
- b. **Agency funds** are used to account for assets held in a purely custodial capacity.

*Continued*

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### *1. Summary of Significant Accounting Policies (Continued)*

#### **C. Fund Financial Statements (Continued)**

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category of the governmental and enterprise combined) for the determination of major funds.

The City's internal service fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

#### **D. Measurement Focus and Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

##### *Accrual*

The governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Under this basis of accounting and measurement focus, the City applies (a) all GASB pronouncements and (b) FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

##### *Modified Accrual*

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

#### **E. Financial Statement Amounts**

##### *Cash and Cash Equivalents*

The City has defined cash and cash equivalents to include cash on hand, demand deposits and highly liquid investments with a maturity of three months or less when purchased.

*Continued*

# **CITY OF NEW BEDFORD, MASSACHUSETTS**

## **Notes to Financial Statements**

June 30, 2009

### ***1. Summary of Significant Accounting Policies (Continued)***

#### **E. Financial Statement Amounts (Continued)**

##### ***Investments***

Investments, including deferred compensation and pension funds, are stated at fair value. Fair values are based on quotations from the national securities exchange. Purchases and sales of investments are recorded on the trade date. Transactions unsettled as of year-end are recorded as prepaid for securities purchased and as receivables for securities sold.

##### ***Real Estate, Personal Property Taxes, Tax Liens and Tax Foreclosures***

Real and personal property taxes are based on values levied (assessed) and lienied as of each January 1<sup>st</sup> of every year. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate tax liens are processed six months after the close of the valuation year on delinquent properties and are recorded as receivables in the fiscal year they are processed.

Tax liens may be subject to foreclosure if the tax liens are not paid in accordance with the period required by the law (M.G.L. Ch.60, c50). Foreclosure proceedings are processed by the Treasurer or other tax lien custodian. Foreclosed properties can be then sold through advertised public auction or held for use by the City.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible is not reported.

Personal property taxes cannot be secured through the lien process. The allowance for uncollectible is estimated based on historical trends and specific account analysis.

##### **Motor Vehicle Excise**

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectible is estimated based on historical trends and specific account analysis.

##### **Departmental and Other**

Departmental and other receivables consist primarily of public safety details and emergency management service fees that are recorded as receivables in the fiscal year accrued. The allowance of uncollectible is estimated based on historical trends and specific account analysis.

##### **Usage Receivables**

Receivables are recorded at net realizable value when earned under the accrual basis and modified basis of accounting. The allowance of uncollectible is based on historical trends and specific account analysis.

##### **Special Assessments**

The costs incurred on completed special projects that have been assessed to the benefitted taxpayers which have not been paid. These receivables are considered 100% collectible and therefore do not report an allowance for uncollectible.

*Continued*

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### *1. Summary of Significant Accounting Policies (Continued)*

#### **E. Financial Statement Amounts (Continued)**

##### *Real Estate, Personal Property Taxes, Tax Liens and Tax Foreclosures (Continued)*

##### **Intergovernmental**

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectible.

##### **Loans**

The City administers loan programs that provide housing assistance to residents and capital needs assistance for small businesses. Upon issuance, a receivable is recorded for the principal amount of the loan.

The allowance for uncollectible is based on historical trends and specific account analysis.

##### *Inventory*

The cost of supplies and other inventory items as recorded is an expenditure at the time of purchase (purchase method). Inventory balances were on hand at June 30, 2009 and are included in the highway, water and wastewater funds.

##### *Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs, gutters, streets, sidewalks, and drainage systems) are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets purchased or acquired with an aggregated original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Net interest costs related to construction projects are capitalized during the related period. Such costs were not considered material during fiscal 2009. Donated capital assets are valued at their estimated fair value at the time recorded.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in fixed assets.

*Continued*

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### *1. Summary of Significant Accounting Policies (Continued)*

#### **E. Financial Statement Amounts (Continued)**

##### *Capital Assets (Continued)*

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building	20-50 years
Water and sewer system	30-50 years
Other infrastructure	10-50 years
Improvements	10-20 years
Machinery and equipment	5-10 years

GASB No. 34 required the City to report and depreciate new infrastructure assets effective June 30, 2002. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation had historically been reported in the financial statements. The retroactive reporting of infrastructure was subject to an extended implementation period and was first effective for fiscal year ending 2007.

#### **Governmental Fund Financial Statements**

Capital assets costs are recorded as expenditures in the acquiring fund in the fiscal year of the purchase.

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources are reported as expenditures and fund liabilities.

##### *Long-Term Debt*

Long-term debt is reported as liabilities in the government-wide and propriety fund statement of net assets. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

##### *Deferred Revenue*

Deferred revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criteria in accordance with the current financial resources measurement focus and the modified accrual basis of accounting.

##### *Compensated Absences*

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, eligible employees are compensated for unused sick and vacation leave (subject to certain limitations) at specific payment rates established by controls, regulations or policy.

Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures.

#### **Government-Wide and Propriety Fund Financial Statements**

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 1. Summary of Significant Accounting Policies (Continued)

#### E. Financial Statement Amounts (Continued)

##### *Encumbrances*

Encumbrance accounting, under which purchase orders, contracts and other commitments for fund expenditures are recorded in order to reserve portions of applicable appropriations, is employed in governmental funds.

##### *Net Assets and Fund Equity*

#### **Government -Wide Financial Statements (Net Assets):**

Net assets are reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net assets have been "restricted for" the following:

- "Loans" represents community development outstanding loan receivable balances.
- "Permanent funds - expendable" represents amounts held in trust for which the expenditures are restricted by various trust agreements.
- "Permanent funds - nonexpendable" represents amounts held in trust for which only investment earnings may be expended.
- "Other purposes" represent restrictions placed on assets from outside parties and primarily represents school federal and state grants whose use is limited to specific grant activities.
- It is the policy of the City of New Bedford to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

#### **Fund Financial Statements (Fund Balances):**

The reserved portions of fund balance consist principally of the portion which is not appropriated for expenditures, which is legally segregated for a specific future use.

Fund balances have been reserved for the following:

**Encumbrances** - represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to ensuing fiscal year.

**Perpetual Permanent Funds** - represents amounts held in trust for which only investment earnings may be expended.

In addition, certain wastewater reserve funds are adjusted on the last business day of each calendar month. The Trustee is required to apply amounts available in the revenue fund to the following reserve funds in the following order:

**Operating Account of the Operating Fund** - Monthly deposit to equal the amount of Operating Expenses in the next succeeding month, as provided in the Wastewater Division's annual operating budget;

**Working Capital Account of the Operating Fund** - Deposit as needed to equal the Operating Fund Deficit, if any;

**Debt Service Fund** - Monthly deposits on account of debt service on City Revenue Bonds;

*Continued*

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 1. Summary of Significant Accounting Policies (Continued)

#### E. Financial Statement Amounts (Continued)

##### *Net Assets and Fund Equity (Continued)*

**Debt Service Reserve Fund** - Deposit as needed to meet the Debt Service Reserve Fund requirement;

**Operating Reserve Fund** - Deposit as needed to meet the Operating Reserve Fund requirement;

**Renewal and Replacement Reserve Fund** - Deposit as needed to meet the Renewal and Replacement Reserve Fund requirement;

**Insurance Reserve Fund** - Deposit as needed to meet the Insurance Reserve Fund requirement, if any;

**Renewal and Replacement Accounts** - Deposit as determined by the City to fund ongoing repair and maintenance of the Wastewater System; and

**Debt Service Assistance Account in the Debt Service Fund** - Deposit as determined by the City in anticipation of the receipt of Debt Service Assistance from the Commonwealth or other sources.

**Unreserved Fund Balance/Net Assets** - The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Unreserved net assets for proprietary funds represent the net assets available on future operations or distribution.

##### *Revenues*

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. As required by GASB No. 33 when recording grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue with the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

##### *Expenditures*

Expenditures are recognized when the related fund liability is incurred.

##### *Interfund Activity*

##### Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

##### **Government-Wide Financial Statements:**

Transaction of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statements of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net assets as "internal balances".

*Continued*



# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 1. Summary of Significant Accounting Policies (Continued)

#### E. Financial Statement Amounts (Continued)

##### *Interfund Activity (Continued)*

##### **Fund Financial Statements:**

Transaction of a buyer/seller nature between and within funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "due from other funds" or "due to other funds" on the balance sheet.

##### Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

##### **Government-Wide Financial Statements:**

Transfers between and within governmental funds and internal service funds are not eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental and business-type activities are reported in the statement of activities as "transfers, net".

##### **Fund Financial Statements:**

Transfers between and within funds are not eliminated from the individual fund statements and are reported as "transfers in and transfers out".

##### *Claims and Judgments*

The City is uninsured with respect to risks including, but not limited to, property damages, personal injury and workers' compensation. In the fund financial statements, expenditures for claims and judgments are recorded on the basis of whether the liability has matured in the current period. Expenditures for workers' compensation are recorded when paid. Settlements relating to condemnation proceedings are reported when the liability is estimable. In the government-wide financial statements the estimated liability for all claims and judgments is recorded as a liability and as an expense.

##### *Use of Estimates*

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

##### *Fund Deficit and Appropriation Deficits*

Several individual fund deficits existed at June 30, 2009 in the governmental funds. These deficits will be funded by future administration plans; bond issues and available fund balances.

Actual expenditures exceeded appropriations for various departments at June 30, 2009. This over-appropriation will be funded through available funds during the fiscal year 2010.

*Continued*

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### *1. Summary of Significant Accounting Policies (Continued)*

#### **F. Operating Revenues and Expenses**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

### *2. Compliance and Accountability*

#### **Budget Requirements, Accounting and Reporting**

Requirements for all funds:

- A. Annual budgets are adopted for all City funds. Under state law, the Mayor submits an annual budget to Council for consideration and approval no later than July 15. Such budget is based on expected expenditures by program within a fund and estimated resources by source for all funds.
- B. By Charter the Mayor must submit an annual appropriation ordinance to City Council. This ordinance builds upon the tax budget of the previous July and is updated for any estimated revisions as well as year-end encumbrances and may include any additional information requested by Council. Council may subsequently amend such ordinance. Amendments to the appropriation ordinance during 2009 were approved by the City Council as provided by the Charter.
- C. For day-to-day management control, expenditures plus encumbrances may not exceed the budget at the expenditure-type (i.e., personal services, other operations and maintenance, etc.) level of each cost center (activity within a program within a fund). The Mayor may transfer unencumbered appropriations within programs within funds.
- D. Appropriation control (City Council appropriate budget) is by program (i.e., safety, leisure, health, etc.) within a fund. City Council may, by ordinance, transfer amounts among programs within and between funds. Budgetary comparison schedules are presented in the Supplemental Section as Required Supplemental Information. The budgetary basis is the modified accrual basis of accounting with encumbrances included as actual expenditures.

*Continued*

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2009

**2. Compliance and Accountability (Continued)**

**Interfund Transactions**

The interfund activity presented below is for the fund statement level only. These balances include both due from/to other funds and intra-entity receivables and payables.

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>
<b><u>Major Governmental Funds</u></b>				
General Fund	\$ 3,917,895	\$ 1,132,023	\$ 8,441,318	\$ 4,599,104
Wastewater Funds	822,111	2,879,819	4,339,497	4,608,562
Stabilization Funds		1,401,847	3,950,052	7,111,142
<b><u>Non-Major Governmental Funds</u></b>				
Capital Projects	1,043	228,993	102,500	
Special Revenue Funds	102,610	44,355	409,694	1,007,031
Permanent Funds	181,789	181,789	181,789	537,088
<b><u>Proprietary Funds</u></b>				
Internal Service Funds	1,530,504		1,731,011	1,292,934
Water		212,694		
Airport				
<b><u>Fiduciary Funds</u></b>				
Agency	330,238	804,670		
Private Purpose Trust Funds				
<b><u>Component Units</u></b>				
Redevelopment Authority				
Harbor Development				
Totals	<u>\$ 6,886,190</u>	<u>\$ 6,886,190</u>	<u>\$ 19,155,861</u>	<u>\$ 19,155,861</u>

In addition to the sources and uses above, \$6,813,502 was recorded as a source for water enterprise and \$736,926 was recorded as a source for airport enterprise for capital assets purchased from governmental funds. In addition, bond proceeds of \$8,039,458 were recorded in governmental activities. However, the water fund carries the debt as a result other financing uses were recorded in the water fund.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2009

**2. Compliance and Accountability (Continued)**

For the government-wide financial statements, all interfund transactions were eliminated except for those with component units and fiduciary funds.

The City utilizes the interfund loan accounts as a short term vehicle to expedite the payment of vouchers from a consolidated vendor checking account.

The transfers between funds are to fund operations for the airport and water funds; to fund matching revenues related to federal grants; to fund and utilize funding for operations in the Stabilization fund and to fund various other immaterial deficits in Special Revenue and Community Development funds.

	<b>Governmental Funds</b>		
	<b>General Fund</b>	<b>Wastewater</b>	<b>Permanent Trust Fund</b>
Reserved:			
Encumbrances	\$ 62,891	\$	\$
Nonexpendable bequests			5,102,411
Petty cash	1,250		
Debt premiums	523,890		
Other specific purposes	( 532)		
Renewal and replacement		1,614,411	
Debt service		2,900,576	
	<u>\$ 587,499</u>	<u>\$ 4,514,987</u>	<u>\$ 5,102,411</u>

*Continued*

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 3. *Cash, Cash Equivalents and Investments*

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Cash and investments - Governmental Activities	\$ 59,922,777
Cash and investments - Business Type Activities	2,809,265
Cash and investments - Pension Trust Fund	177,956,352
Cash and investments - City Private Purpose Trust Funds	11,213
Cash and investments - Agency Funds	<u>5,544,361</u>
Total cash and investments	<u>\$ 246,243,968</u>

#### *Cash and cash Equivalents*

Deposits are in various financial institutions and are carried at cost or fair value in the case of pooled deposits for trust funds. The carrying value is separately displayed on the state of net assets as "Cash and Investments". Petty cash is included in the presentation of cash on the statement of net assets in the amount of \$1,300 on June 30, 2009.

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At year end, the City's carrying amount of deposits for the primary government private purpose trust funds and the agency funds was \$54,994,899, including \$1,300 of petty cash and the bank balance was \$64,810,555. Of the bank balance \$3,000,000 was covered by Federal Depository Insurance, \$34,904,623 was covered by Depositors Insurance Fund and \$6,685,374 was held in collateralized accounts. The remaining balance of \$20,220,558 was held in uncollateralized accounts. At June 30, 2009 the city's unreconciled book-to-bank variance is \$267,247.

At year end the City's carrying amount of deposits for the pension trust fund was \$15,759,164 and the bank balance was \$16,526,201. Of the bank balance \$555,484 was covered by Federal Depository Insurance. The remaining balance of \$15,970,717 was held in uncollateralized accounts.

The City has not experienced any losses of funds in excess of federally insured limits held in any financial institutions. Management fees that the City is not exposed to any significant credit risk related to cash.

#### *Investments*

Investments are stated at fair value for investment pools and historical costs for all other investments. The majority of investment activity is conducted through contracted investment management firms and held in pooled trust fund accounts in the City's name.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. See below for ratings of the investments held by the City of New Bedford as of June 30, 2009.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The investments listed below were issued by various financial institutions. See below for investments that represent 5% or more of the total investments held by the City of New Bedford as of June 30, 2009.

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 3. Cash, Cash Equivalents and Investments (Continued)

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Foreign currency risk is the risk that where exchange rates effect the valuation of an investment. The amount of investments which include foreign investments are listed below.

Information about the sensitivity of the fair values of the City's investments to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity utilizing the specific identification method:

Total Investments by Investment Type and Moody Ratings

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>* Maximum Investment in One Issuer</u>	<u>Moody's Rating</u>
<i>Primary Government, Private Purpose and Agency Funds</i>				
Fixed income	\$ 2,178,705	13 years	N/A	AAA
Fixed income	52,278	2 years	N/A	AA3
Fixed income	154,122	6 years	N/A	AA2
Corporate fixed income	570,000	58 years	N/A	A3
Corporate fixed income	270,900	53 years	N/A	BA2
Corporate fixed income	621,860	46 years	N/A	BAA3
Fixed income	51,086	1 year	N/A	A2
Corporate fixed income	50,370	3 years	N/A	A2
Fixed income	1,187,948	25 years	N/A	N/A
Common stock	809,187	N/A	N/A	N/A
Government securities	7,096	13 years	N/A	N/A
Common stock – foreign	12,926	N/A	N/A	N/A
Fixed income – bond mutual funds	951,926	N/A	N/A	N/A
Mutual funds - fixed	40,925	N/A	N/A	N/A
Mutual funds – equity	2,188,553	N/A	N/A	N/A
Alternative investments	272,659	N/A	N/A	N/A
Certificate of deposit	<u>306,169</u>	3 years	N/A	Unrated
Subtotal	<u>\$ 9,726,710</u>			

*Continued*

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 3. Cash, Cash Equivalents and Investments (Continued)

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>*Maximum Investment in One Issuer</u>	<u>Moody's Rating</u>
<i>Pension Trust Fund</i>				
Bond Paying Periodic Income	\$ 464,661	28 years	N/A	A1
Bond Paying Periodic Income	1,195,629	40 years	N/A	A2
Bond Paying Periodic Income	951,078	58 years	N/A	A3
Bond Paying Periodic Income	87,054	29 years	N/A	AA1
Bond Paying Periodic Income	282,694	4 years	N/A	AA2
Bond Paying Periodic Income	1,114,339	5 years	N/A	AA3
Bond Paying Periodic Income	1,164,560	7 years	N/A	AAA
Bond Paying Periodic Income	672,875	22 years	N/A	B1
Bond Paying Periodic Income	323,350	22 years	N/A	B2
Bond Paying Periodic Income	100,950	4 years	N/A	B3
Bond Paying Periodic Income	451,560	27 years	N/A	BA1
Bond Paying Periodic Income	571,643	26 years	N/A	BA2
Bond Paying Periodic Income	1,137,053	26 years	N/A	BA3
Bond Paying Periodic Income	2,268,581	28 years	N/A	BAA1
Bond Paying Periodic Income	3,477,692	88 years	N/A	BAA2
Bond Paying Periodic Income	3,239,867	58 years	N/A	BAA3
Bond Paying Periodic Income	117,541	24 years	N/A	C
Bond Paying Periodic Income	28,000	22 years	N/A	CA
Bond Paying Periodic Income	639,198	27 years	N/A	CAA1
Bond Paying Periodic Income	177,754	40 years	N/A	NA
Bond Paying Periodic Income	1,146,256	26 years	N/A	NR
CMO	71,127	27 years	N/A	A1
CMO	162,928	28 years	N/A	A3
CMO	68,196	28 years	N/A	AA2
CMO	160,953	26 years	N/A	AA3
CMO	2,373,280	40 years	N/A	AAA
CMO	77,461	27 years	N/A	BAA1
CMO	43,587	28 years	N/A	BAA2
CMO	117,336	28 years	N/A	BAA3
CMO	1,510,635	40 years	N/A	N/A
CMO	395,969	38 years	N/A	NR
Convertible Bonds	31,937	26 years	N/A	AA2
Convertible Bonds	52,500	3 years	N/A	B1
Convertible Bonds	90,956	0-1 year	N/A	BA2
Convertible Bonds	24,797	23 years	N/A	BAA1
Convertible Bonds	139,024	28 years	N/A	BAA2
Convertible Bonds	73,781	25 years	N/A	BAA3
Convertible Bonds	31,500	0-1 year	N/A	CAA3
Convertible Bonds	297,083	4 years	N/A	N/A
Common Stock	48,592,781	N/A	29.96%	N/A
Government Issues	394,106	25 years	N/A	AA1
Government Issues	3,717,441	29 years	N/A	AAA
Government Issues	16,631	28 years	N/A	BA1
Government Issues	40,127	31 years	N/A	BAA1

\* Maximum investment in one issuer labeled as N/A are less than 5% of total investments for any single issues within that category.

*Continued*

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2009

**3. Cash, Cash Equivalents and Investments (Continued)**

<b>Investment Type</b>	<b>Total Amount</b>	<b>Maximum Maturity</b>	<b>*Maximum Investment in One Issuer</b>	<b>Moody's Rating</b>
Municipals	155,260	20 years	N/A	A2
Municipals	148,284	29 years	N/A	AA1
Municipals	352,431	27 years	N/A	AA3
Municipals	188,632	37 years	N/A	BAA3
Mortgage Passthrough Pool	6,154,604	35 years	N/A	AAA
Other Assets	27,650	37 years	N/A	AA1
Other Assets	367,875	40 years	N/A	AAA
Other Assets	76,479	28 years	N/A	BAA1
Other Assets	10,092,460	N/A	6.22%	N/A
Pooled Equities – Capital	22,987,639	N/A	14.17%	N/A
Pooled Real Estate	21,128,786	N/A	13.03%	N/A
Pooled Equities – Diversified Growth	<u>22,420,616</u>	N/A	13.82%	N/A
Subtotal	<u>162,197,187</u>			
Total City of New Bedford	<u>\$ 171,923,897</u>			

Total Investments by Investment Type and S&P Ratings

*Primary Government, Private Purpose and Agency Funds*

Fixed income	\$ 2,331,634	13 years	N/A	AAA
Fixed income	52,278	2 years	N/A	AA-
Fixed income	52,393	4 years	N/A	AA
Fixed income	49,689	5 years	N/A	AA+
Corporate fixed income	570,000	58 years	N/A	A-
Corporate fixed income	270,900	53 years	N/A	BBB
Corporate fixed income	621,860	46 years	N/A	B
Fixed income	51,086	1 year	N/A	A
Corporate fixed income	50,370	3 years	N/A	A
Fixed income	1,087,059	25 years	N/A	N/A
Common stock	809,187	N/A	N/A	N/A
Government securities	7,096	13 years	N/A	N/A
Common stock – foreign	12,926	N/A	N/A	N/A
Fixed income – bond mutual funds	951,926	N/A	N/A	N/A
Mutual funds – fixed	40,925	N/A	N/A	N/A
Mutual funds – equity	2,188,553	N/A	N/A	N/A
Alternative investments	272,659	N/A	N/A	N/A
Certificate of deposits	<u>306,169</u>	3 years	N/A	Unrated
Subtotal	<u>\$ 9,726,710</u>			

\* Maximum investment in one issuer labeled as N/A are less than 5% of total investments for any single issues within that category.

*Continued*



# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 3. Cash, Cash Equivalents and Investments (Continued)

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>*Maximum Investment in One Issuer</u>	<u>Moody's Rating</u>
<i>Pension Trust Fund</i>				
Bond Paying Periodic Income	\$ 1,773,091	40 years	N/A	A
Bond Paying Periodic Income	1,336,286	28 years	N/A	A-
Bond Paying Periodic Income	1,227,215	28 years	N/A	A+
Bond Paying Periodic Income	512,298	4 years	N/A	AA
Bond Paying Periodic Income	92,968	3 years	N/A	AA-
Bond Paying Periodic Income	87,054	29 years	N/A	AA+
Bond Paying Periodic Income	904,190	7 years	N/A	AAA
Bond Paying Periodic Income	113,700	17 years	N/A	B
Bond Paying Periodic Income	292,130	27 years	N/A	B-
Bond Paying Periodic Income	1,159,850	22 years	N/A	B+
Bond Paying Periodic Income	600,265	68 years	N/A	BB
Bond Paying Periodic Income	561,928	20 years	N/A	BB-
Bond Paying Periodic Income	599,986	88 years	N/A	BB+
Bond Paying Periodic Income	2,814,713	58 years	N/A	BBB
Bond Paying Periodic Income	2,680,758	58 years	N/A	BBB-
Bond Paying Periodic Income	2,899,677	57 years	N/A	BBB+
Bond Paying Periodic Income	875	24 years	N/A	C
Bond Paying Periodic Income	74,563	15 years	N/A	CCC
Bond Paying Periodic Income	28,000	15 years	N/A	CCC-
Bond Paying Periodic Income	272,505	9 years	N/A	CCC+
Bond Paying Periodic Income	116,666	22 years	N/A	D
Bond Paying Periodic Income	364,331	58 years	N/A	N/A
Bond Paying Periodic Income	1,099,286	28 years	N/A	NR
Convertible Bonds	24,797	23 years	N/A	A-
Convertible Bonds	31,938	26 years	N/A	AA
Convertible Bonds	62,987	4 years	N/A	B+
Convertible Bonds	90,956	0-1 year	N/A	BB
Convertible Bonds	73,781	25 years	N/A	BBB-
Convertible Bonds	139,024	28 years	N/A	BBB+
Convertible Bonds	31,500	0-1 year	N/A	CCC
Convertible Bonds	274,745	4 years	N/A	N/A
Convertible Bonds	11,850	2 years	N/A	NR
CMO	166,439	38 years	N/A	A
CMO	31,820	26 years	N/A	AA
CMO	3,663,249	40 years	N/A	AAA
CMO	59,741	28 years	N/A	BBB
CMO	800,478	40 years	N/A	N/A
CMO	259,745	28 years	N/A	NR
Common stock	48,592,781	N/A	29.96%	N/A
Government Issues	7,561	3 years	N/A	A+
Government Issues	394,106	2 years	N/A	AA
Government Issues	3,717,440	29 years	N/A	AAA

\* Maximum investment in one issuer labeled as N/A are less than 5% of total investments for any single issues within that category.

*Continued*

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2009

**3. Cash, Cash Equivalents and Investments (Continued)**

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>*Maximum Investment in One Issuer</u>	<u>Moody's Rating</u>
Government Issues	16,632	28 years	N/A	BBB-
Government Issues	32,566	31 years	N/A	BBB+
Municipals	207,055	29 years	N/A	AA
Municipals	181,567	29 years	N/A	AA+
Municipals	267,353	27 years	N/A	AAA
Municipals	188,632	37 years	N/A	BBB
Mortgage Passthrough Pool	6,154,604	29 years	N/A	AAA
Other Assets	31,751	25 years	N/A	A
Other Assets	44,728	28 years	N/A	AA
Other Assets	341,478	40 years	N/A	AAA
Other Assets	40,002	27 years	N/A	BBB-
Other Assets	14,045	40 years	N/A	N/A
Other Assets	10,092,460	N/A	6.22%	N/A
Pooled Equities - Capital	22,987,639	N/A	14.17%	N/A
Pooled Real Estate	21,128,786	N/A	13.03%	N/A
Pooled Alt – Diversified Growth	<u>22,420,616</u>	N/A	13.82%	N/A
Subtotal	<u>162,197,187</u>			
Total City of New Bedford	<u>\$ 171,923,897</u>			

\* Maximum investment in one issuer labeled as N/A are less than 5% of total investments for any single issues within that category.

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 3. Cash, Cash Equivalents and Investments (Continued)

<u>Investment Type</u>	<u>Currency</u>	<u>Total Amount</u>	<u>Maturity</u>	<u>Description</u>
<i>Foreign Currency Risk</i>				
<i>Primary Government, Private Purpose and Agency Funds</i>				
Common stock - foreign	British Pounds	\$ 4,768	N/A	BP PLC
Common stock - foreign	British Pounds	3,534	N/A	Glaxosmithkline PLC
Common stock - foreign	Finland, EURO	2,187	N/A	Nokia Corp Sponsored ADR Finland
Common stock - foreign	Taiwan, New Dollars	<u>2,437</u>	N/A	Taiwan Semiconductor Mfg LTD
Total		<u>\$ 12,926</u>		
<i>Foreign Currency Risk</i>				
<i>Pension Trust Fund</i>				
Bond Paying Periodic Income	Thailand Baht	\$ 310,106	2/22/2010	ASIF global Financing XXVII
Bond Paying Periodic Income	Canadian Dollar	193,878	9/1/2011	Alberta Mun Financing Corp.
Bond Paying Periodic Income	Canadian Dollar	23	6/15/2010	Alberta Province Mtn Cds
Bond Paying Periodic Income	Canadian Dollar	916,107	12/1/2009	British Columbia Prov CDA
Government Issue	Canadian Dollar	751,943	9/1/2009	Canada Government
Government Issue	Canadian Dollar	221,331	12/15/2008	Canada HSG TR No 1
Government Issue	Canadian Dollar	394,106	12/2/2011	Ontario Orivince CDA
Bond Paying Periodic Income	New Zealand Dollar	798,734	9/26/2016	General Electric Capital Corp
Bond Paying Periodic Income	Singapore Dollar	1,089,894	2/26/2009	ASIF Gobal Financing XXVII
Bond Paying Periodic Income	Iceland Kronur	182,012	5/27/2010	Nordic Investment Bank
Government Issue	Mexican Peso	7,561	12/20/2012	Mexico (United States)
Bond Paying Periodic Income	Brazilian Real	<u>\$ 276,387</u>	7/2/2010	Citibank NA
Total		<u>\$ 5,142,082</u>		

*Continued*

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 4. *Receivables*

Real estate and personal property taxes are based on values assessed as of each January 1. Taxes due and unpaid after the respective dates are subject to interest and penalties. The City has the right to begin the lien process on property on which taxes have not been paid after one year following the due date and subsequently foreclose on such property.

Real estate, personal property and other excise tax levies are recorded as receivables and revenue in the fiscal year of the levy. Also, any amounts collected within 60 days after year-end are considered revenue. Taxes collected in advance are considered deferred revenue.

Utility receivables charged for both water and sewer usage is recorded based on billings of the cycle which the sections of the City's meters are read. Utility billing occurs quarterly and when unpaid is added to the property owners tax bill as a water and/or sewer lien.

As part of the Community Development Program, the City administers loan programs that provide housing assistance to residents and capital needs assistance for small businesses. Certain of these loans are deferred and forgiven if provisions of the loans are met; others are collectible over the term of the mortgage.

	<b>Governmental Activities</b>				<b>Business-Type Activities</b>	
	<u>General</u>	<u>Wastewater</u>	<u>Other Non-Major Governmental</u>	<u>Total Governmental</u>	<u>Water</u>	<u>Airport</u>
Receivables:						
Property taxes	\$ 4,121,750	\$	\$	\$ 4,121,750	\$	\$
Tax liens	18,267,223			18,267,223		
Motor vehicle & other excise	1,436,452			1,436,452		
User fees		1,491,923		1,491,923	792,149	
Departmental and other	4,677,097	40,824		4,717,921		
Loan receivables			18,146,340	18,146,340		
Other receivables	1,285,390	( 2,899)	467,323	1,749,814	30,106	36,626
Special assessments	2,205	334,980		337,185		
Intergovernmental	<u>372,616</u>		<u>14,848,725</u>	<u>15,221,341</u>		
Gross receivables	30,162,733	1,864,828	33,462,388	65,489,949	822,255	36,626
Less: allowance for uncollectible	<u>( 675,045)</u>	<u>( 324,788)</u>	<u>( 3,981,819)</u>	<u>( 4,981,652)</u>	<u>( 140,000)</u>	<u>( 5,464)</u>
Net total receivables	<u>\$ 29,487,688</u>	<u>\$ 1,540,040</u>	<u>\$ 29,480,569</u>	<u>\$ 60,508,297</u>	<u>\$ 682,255</u>	<u>\$ 31,162</u>

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 5. Capital Assets and Depreciation

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance, restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Not Being Depreciated:				
Land	\$ 1,488,808	\$ 1,664,127	\$	\$ 3,152,935
Construction in progress	26,119,614	6,655,787	9,064,089	23,711,312
Infrastructure in progress	<u>3,827,712</u>	<u>1,788,051</u>	<u>1,423,000</u>	<u>4,192,763</u>
Subtotal	<u>31,436,134</u>	<u>10,107,965</u>	<u>10,487,089</u>	<u>31,057,010</u>
Other Capital Assets:				
Infrastructure	142,475,919	5,469,935		147,945,854
Land improvements	355,528	7,023		362,551
Buildings and improvements	278,100,972	9,071,319		287,172,291
Machinery and equipment	41,318,372	2,225,561		43,543,933
Office equipment and furniture	12,636,446	873,766		13,510,212
Computer equipment	7,820,853	831,293		8,652,146
Library books and textbooks	9,135,442	693,390		9,828,832
Automobiles	8,293,952	703,460		8,997,412
Animals	<u>54,859</u>			<u>54,859</u>
Subtotal	<u>500,192,343</u>	<u>19,875,747</u>		<u>520,068,090</u>
Accumulated Depreciation:				
Infrastructure	100,917,690	2,223,744		103,141,434
Land improvements	9,884	17,869		27,753
Buildings and improvements	74,524,150	5,722,621		80,246,771
Machinery and equipment	30,955,588	1,966,658		32,922,246
Office equipment and furniture	11,131,383	578,802		11,710,185
Computer equipment	5,589,197	1,499,754		7,088,951
Library books and textbooks	7,681,402	743,696		8,425,098
Automobiles	6,098,209	730,473		6,828,682
Animals	<u>23,325</u>	<u>3,449</u>		<u>26,774</u>
Subtotal	<u>236,930,828</u>	<u>13,487,066</u>		<u>250,417,894</u>
Net other capital assets	<u>263,261,515</u>	<u>6,388,681</u>		<u>269,650,196</u>
Net capital assets	<u>\$ 294,697,649</u>	<u>\$ 16,496,646</u>	<u>\$ 10,487,089</u>	<u>\$ 300,707,206</u>

Continued

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2009

**5. Capital Assets and Depreciation (continued)**

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance, restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities - Water:</u></b>				
Not Being Depreciated:				
Land	\$ 600,000			\$ 600,000
Infrastructure in progress	4,013,992		4,013,992	
Easements	<u>962,500</u>			<u>962,500</u>
Subtotal	<u>5,576,492</u>		<u>4,013,992</u>	<u>1,562,500</u>
Other Capital Assets:				
Infrastructure	79,650,274	8,485,668		88,135,942
Buildings and improvements	48,811			48,811
Machinery and equipment	1,192,189	2,371,304		3,563,493
Office equipment and furniture	73,309	9,547		82,856
Computer equipment	35,538	11,741		47,279
Automobiles	<u>619,367</u>	<u>10,000</u>		<u>629,367</u>
Subtotal	<u>81,619,488</u>	<u>10,888,260</u>		<u>92,507,748</u>
Accumulated Depreciation:				
Infrastructure	36,479,532	1,690,301		38,169,833
Buildings and improvements	2,754	976		3,730
Machinery and equipment	799,468	183,843		983,311
Office equipment and furniture	66,454	4,709		71,163
Computer equipment	13,822	11,228		25,050
Automobiles	<u>371,902</u>	<u>79,629</u>		<u>451,531</u>
Subtotal	<u>37,733,932</u>	<u>1,970,686</u>		<u>39,704,618</u>
Net other capital assets	<u>43,885,556</u>	<u>8,917,574</u>		<u>52,803,130</u>
Net capital assets	<u>\$ 49,462,048</u>	<u>\$ 8,917,574</u>	<u>\$ 4,013,992</u>	<u>\$ 54,365,630</u>

*Continued*

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2009

**5. Capital Assets and Depreciation (continued)**

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance, restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities - Airport:</u></b>				
Not Being Depreciated:				
Infrastructure in progress	\$ 374,169	\$ 411,905	\$	\$ 786,074
Land	<u>135,522</u>	<u></u>	<u></u>	<u>135,522</u>
Subtotal	<u>509,691</u>	<u>411,905</u>	<u></u>	<u>921,596</u>
Other Capital Assets:				
Infrastructure	4,889,236			4,889,236
Land improvements	343,201	272,621		615,822
Buildings and improvements	2,238,551			2,238,551
Machinery and equipment	867,439			867,439
Computer & equipment		52,400		52,400
Automobiles	74,710			74,710
Office equipment and furniture	<u>5,294</u>	<u></u>	<u></u>	<u>5,294</u>
Subtotal	<u>8,418,431</u>	<u>325,021</u>	<u></u>	<u>8,743,452</u>
Accumulated Depreciation:				
Infrastructure	1,202,072	143,350		1,345,422
Land improvements	9,718	23,967		33,685
Buildings and improvements	532,670	39,861		572,531
Machinery and equipment	448,699	74,629		523,328
Computer & equipment		5,240		5,240
Automobiles	7,471	14,942		22,413
Office equipment and furniture	<u>4,354</u>	<u>434</u>	<u></u>	<u>4,788</u>
Subtotal	<u>2,204,984</u>	<u>302,423</u>	<u></u>	<u>2,507,407</u>
Net other capital assets	<u>6,213,447</u>	<u>22,598</u>	<u></u>	<u>6,236,045</u>
Net capital assets	<u>\$ 6,723,138</u>	<u>\$ 434,503</u>	<u>\$</u>	<u>\$ 7,157,641</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2009

**5. Capital Assets and Depreciation (continued)**

Depreciation was charged to functions as follows:

Governmental activities:

General Government	\$ 477,688
Public Safety	1,477,356
Public Works	2,861,692
Public Works WW	232,597
Education	7,249,081
Community and Economic Development	182,285
Health and Human Services	295,153
Culture and Recreation	<u>711,214</u>

Total Governmental Activities	<u><u>13,487,066</u></u>
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Business-Type Activities:

Water	1,970,686
Airport	<u>302,423</u>

Total Business-Type Activities	<u><u>\$ 2,273,109</u></u>
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# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### **6. Pensions and Other Post Employment Benefits**

The City of New Bedford contributes to the City of New Bedford's Contributory Employees' Retirement System, which is a single-employer public employee retirement system (PERS), as established under Chapter 32 of the General Laws of the Commonwealth of Massachusetts.

Effective January 1, 1996, the Contributory Retirement System of the City of New Bedford adopted Governmental Accounting Standards Board Statement No. 25 ("GASB-25"): "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans." GASB-25 is intended to enhance the understandability and usefulness of pension information included in the financial reports of state and local governmental pension plans.

Effective July 1, 1998, Chapter 17 of the Acts of 1997 (COLA Legislation) was adopted. The result of the adoption of Chapter 17 is to increase the retirement allowance pension or annuity by the percentage as determined by the Commissioner of Social Security or 3%, whichever is less. The maximum pension benefit on which a COLA may be granted is \$12,000. All retirees, disabled retirees and beneficiaries that have been receiving benefit payments for at least one year as of July 1st are eligible for the adjustment.

All COLA's granted to members prior to July 1, 1998 and after 1981 are deemed to be an obligation of the State and are not the liability of the Retirement System.

#### **A. Summary of Significant Accounting Policies**

##### *Basis of Accounting*

The City of New Bedford's Contributory Employees' Retirement System's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Investment income is recognized as earned by the pension plan. The net appreciation (depreciation) in the fair value of investments held by the pension plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the balance sheet date.

The City accepted Section 22(1)(b1/2) of Chapter 32 of the Massachusetts General Laws in 1990. The City must establish a funding schedule designed to fully fund the retirement system and to reduce the unfunded actuarial accrued liability of the system to zero as of June 30, 2030. Any system for which a funding schedule has been adjusted and approved may receive annual pension funding grants from the Commonwealth.

##### *Operating Cycle*

The accounting records of the Retirement System are maintained on a calendar year basis in accordance with the standards and procedures established by the Commissioner of Public Employee Retirement Administration Commission.

*Continued*

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 6. Pensions and Other Post Employment Benefits (Continued)

#### Method Used to Value Assets

Cash deposits are carried at cost which approximates market. Investments in bonds and notes are stated at amortized cost which approximates market. Investments in stock are recorded at market value.

#### B. Plan Description

All full-time employees, other than teachers, whose employment commences prior to age sixty-five are eligible to participate in the City of New Bedford's Contributory Employees' Retirement System. Teachers and certain administrative employees of the School Department participate in a contributory retirement plan administered by the Massachusetts Teachers' Retirement Board. The City does not contribute to this plan.

The Retirement Board exercises jurisdiction to determine an employee's eligibility for membership in cases involving part time service. The participants contribute specified percentages of their annual compensation to the plan. The City's contribution is determined by the Division of Public Employee Retirement Administration ("PERA") on a cost of benefits approach and, for the year ended June 30, 2009, was \$25,877,801.

As of December 31, 2008, employee membership data related to the pension plan was as follows:

	<u>Group 1</u>	<u>Group 2 &amp; 4</u>	<u>Total</u>
Active members	1,873	468	2,341
Inactive members	348	16	364
Retired members	<u>1,147</u>	<u>595</u>	<u>1,742</u>
	<u>3,368</u>	<u>1,079</u>	<u>4,447</u>

Under the provisions of the City's pension plan, pension benefits vest after ten years of creditable service. If the employees are terminated involuntarily, benefits vest after six years of creditable service if the employee became a member of a public employee retirement system before January 1, 1978. An employee may retire at age 55 and receive annual pension benefits. The pension plan also provides for death and disability benefits. An employee's annual pension is determined by multiplying his average salary by a benefit rate related to his age and job classification at retirement and the resulting product by his creditable years of employment service. His average salary is the average of his highest three consecutive years' salary or the average salary from his last three years of service, if not consecutive. For most employees, the average of the last three years' salary will be their highest average salary. The amount determined by the benefit formula cannot exceed 80% of the employee's average salary as described above.

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 6. *Pensions and Other Post Employment Benefits (Continued)*

#### C. Retirement Groups

For retirement purposes employees are classified as Group 1, 2 or 4 employees:

Group 1 Officials and general employees including clerical, administrative and technical workers, laborers, mechanics and all others not otherwise classified. Participants within this group are eligible to retire at age 55.

Group 2 Electricians not classified in Group 1 or 4. Participants within this group are eligible to retire at age 55.

Group 4 Members of police, fire and electric light departments not classified in Group 1 or 2. Participants within this group are eligible to retire at age 45.

#### D. Funding Policy

Under provisions of State statutes, each employee is required to contribute 5% of his basic pay (exclusive of overtime) to a special fund. For certain employees without continuous service who are reemployed on or after January 1, 1975 and for all employees hired on or after January 1, 1975 but prior to 1984, the contribution rate is 7%. For employees hired from 1984 through June 30, 1996 the contribution rate is 8%. For employees hired after July 1, 1996 the contribution rate is 9%. For all employees hired on or after January 1, 1979 there is an additional contribution of 2% of salary in excess of \$30,000. In addition, the City must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by state statutes. Administrative costs of the Retirement System are financed through investment earnings.

In 2008, the City adopted GASB Statement No. 50, *Pension Disclosures*. This new standard now requires entities to report the results of the most recent actuarial valuation in the footnotes. This information was previously only required to be reported as required supplementary information. The most recent actuarial valuation of the City's Contributory Retirement System was prepared under the direction of Public Employee Retirement Administration Commission (PERAC) as of January 1, 2009. The standardized measure of the unfunded actuarial accrued liability as of January 1, 2009, is as follows:

Actuarial accrued liability:

	<b><u>January 1, 2009</u></b> <b>(unaudited)</b>
Active members	\$ 228,833,133
Retirees, beneficiaries, disabilities and inactives currently receiving benefits	287,299,604
Cost of living adjustment	<hr/>
Total actuarial accrued liability	516,132,737
Net assets available for benefits, at market	<hr/> 196,465,884
Unfunded actuarial accrued liability	<hr/> <b>\$ 319,666,853</b>

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 6. Pensions and Other Post Employment Benefits (Continued)

#### E. Contributions Required and Contributions Made

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry age normal actuarial cost method. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is funded over a 30-year period. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level percentage of payroll on an open group method. The remaining amortization period at December 31, 1998, was 29 years. The funding strategy for normal cost and the unfunded actuarial accrued liability should provide sufficient resources to pay employee pension benefits on a timely basis.

Total contributions to the pension plan in 2008 amounted to \$33,275,852 of which \$25,877,801 and \$7,398,051 were made by the City of New Bedford and its employees, respectively. The contributed amounts were actuarially determined as described above on a fiscal year basis. For year 2008 the contribution amount of \$25,877,801 was based on an actuarial valuation as of January 1, 2007. The pension contributions represent funding for normal cost and the amortization of the unfunded actuarial accrued liability. Contributions made by the City of New Bedford and its employees represent 78.1% and 22% respectively, of covered payroll for the year.

The covered payroll for the Contributory Retirement System for the year ending December 31, 2008 was approximately \$90,558,889. The City's total payroll for all employees was approximately \$163,169,108.62 for the same period. Covered payroll refers to all compensation paid by the City to active employees covered by the City of New Bedford PERS on which contributions to the pension are based.

In addition, teachers, certain administrators, and other professional of the School Department participate in a contributory defined benefit plan administered by the Massachusetts Teachers' Retirement System. The City has no obligation to contribute to this plan. The Commonwealth funds plan benefits to the extent that funding is not provided through employee contributions. The Commonwealth's contributed \$25,493,352 for benefits "on-behalf" of the school department for the year ended June 30, 2009. The amount was recorded as revenue and as an expenditures in the general fund in accordance with GASB-24.

The computation of the pension contribution requirements for 2007 was based on the same (a) actuarial assumptions, (b) benefit provisions, and (c) other significant factors as used to determine pension contribution requirements in the previous year.

#### F. Trend Information

	Net assets available for benefits as a percentage of the actuarial accrued liability applicable to the City's employees	Unfunded actuarial accrued liability as a percentage of the City's annual covered payroll	City's contribution to the pension plan as a percentage of annual covered payroll
2008	46.8%	355.0%	28.6%
2007	44.9%	298.4%	25.9%
2006	44.9%	335.8%	24.5%
2005	46.1%	225.4%	20.8%
2004	46.1%	247.9%	18.7%
2003	51.4%	179.2%	17.6%
2002	51.4%	204.1%	19.1%
2001	51.4%	198.0%	26.5%

Continued

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 7. Other Employee Benefits

#### A. Other Postemployment Benefits

##### *Plan Description*

In addition to the pension benefits described above, the City provides health and life insurance benefits to retirees, their dependents and beneficiaries in accordance with Chapter 32B of Massachusetts General Laws under various contributory plans. Specific benefit provisions and contribution rates are established by collective-bargaining agreements, state laws, and City ordinance. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume, and pay all claims for specific plans. The Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

##### *Funding Policy*

The contribution requirements of Plan members and the City are established and may be amended by the City. Twenty-five percent of the calculated contribution is paid by the retirees through pension benefit deductions. The remainder of such cost is funded by the City. The City contributes 100% towards a \$5,000 term life insurance premium. The City currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the City.

##### *Annual OPEB and Net OPEB Obligation*

The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with the parameters set forth in GASB Statement 45. The amount that was actuarially determined by using the Projected Unit Credit Cost Method. Under this method the annual contribution consists of two pieces: Normal Cost plus a payment towards the unfunded accrued liability. The normal cost is similarly determined as the present value of the portion of the projected benefit attributable to the current year. The unfunded accrued liability is the accrued liability less the value of any plan assets. The level percent amortization method was utilized to determine the current year ARC. The following table shows the elements of the City's annual OPEB cost for the year, the amount actually paid on behalf of the Plan, and changes in the City's net OPEB obligation to the Plan for the year ended June 30, 2009.

	<u>Amount</u>
Annual required contribution	\$ 31,933,412
Interest on net OPEB obligation	643,292
Amortization credit on NOO	( 531,096)
Payments against the ARC	<u>( 12,537,241)</u>
Annual OPEB cost (expense)	<u>\$ 19,508,377</u>
Increase in net OPEB obligations	19,508,377
Net OPEB obligation at beginning of year (restated)	<u>18,379,770</u>
Net OPEB obligation at end of year	<u>\$ 37,888,147</u>

*Continued*

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 7. Other Employee Benefits (continued)

#### A. Other Postemployment Benefits (continued)

The projection of benefits is based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point. The projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

The actuarial calculations reflect a long-term perspective, actuarial method and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Trend information regarding annual OPEB cost, the percentage of the annual OPEB cost contributed and the net OPEB obligation is as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Costs (AOPEC)</u>	<u>Percentage Of AOPEBC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 31,933,412	39.26%	\$ 37,888,147

#### Funded Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date, the Plan was 0% funded. The actuarial accrued liability for benefits was \$37,888,147. Amounts determined regarding the funded status of the Plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shows as required supplementary information disclosures required by GASB-43 for the OPEB Plan. This schedule presents the results of OPEB valuations as of June 30, 2009 and go-forward basis. The schedule will eventually provide additional multi-year trend information about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The required schedule of funding progress (presented in the required supplementary information section) presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The funded status of the Plan at June 30, 2009, to most recent actuarial valuation, was as follow

		(A)	(B)	(B-A)	(A/B)	(C)	((B-A)/C)
<u>Actuarial Valuation Date</u>	<u>Reporting Year</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Individual Entry Age</u>	<u>Unfunded (Overfunded) AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
07/01/07	2008	\$ 0	\$ 478,609,029	\$ 478,609,029	0.0%	\$ 159,905,000	299.3%

*Continued*

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 7. Other Employee Benefits (continued)

#### A. Other Postemployment Benefits (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subjected to continual revision as actual results are compared with past expectations and new estimates are made about the future.

#### *Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and plan member) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The significant methods and assumptions as of the latest actuarial valuation are as follows:

Valuation date:	July 1, 2007
Actuarial cost method:	Projected Unit Credit
Amortization period:	30-year level percent of pay assuming 4.5% increase, closed basis.
Remaining amortization period:	29 years as of July 1, 2009
Interest discount rate	Funded: 8.00% per year, net of investment expenses Unfunded: 3.5% per year, net of investment expenses
Participation:	85% of future retirees are assumed to participate in the retiree medical plan. 70% of future retirees are expected to elect life insurance.

#### *Allocation of AOPEBC*

AOPEBC costs were allocated to the City's functions as follows:

<b>Governmental Activities:</b>	
General government	\$ 1,128,537
Public Safety	11,305,315
Public Infrastructure	1,585,252
Public Works	65,977
Education	21,031,379
Health and human services	1,380,994
Culture and recreation	<u>1,000,030</u>
Total AOPEBC – governmental activities	<u>\$ 37,497,484</u>
<b>Business-Type Activities:</b>	
Water	\$ 346,380
Airport	<u>44,283</u>
Total APEBC – business-type activities	<u>\$ 390,663</u>
Total AOPEBC – government –wide	<u>\$ 37,888,147</u>

*Continued*

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### **8. Other Commitments**

The City of New Bedford has entered into various operating leases for real property, machinery and equipment. Several leases contain a renewal option for varying periods at similar or reduced annual rates. As of June 30, 2009, future minimum rental payments under operating leases that have initial or remaining non-cancellable lease terms are immaterial.

### **9. Contingencies**

#### **A. Wastewater Capital Improvement Program**

To date, the City has financed the Wastewater Capital Improvement Program, through direct loans from the Massachusetts Water Pollution Trust totaling approximately \$140 million, which loans were secured by the issuance of City Revenue Bonds pursuant to the General Resolution. In addition to the Trust loans, the City also has issued general obligation bond anticipation notes to finance those projects in the Wastewater Capital Improvement Program that are not eligible for financing from the Trust under Federal and Massachusetts law. Such bond anticipation notes will be repaid through general obligation bonds of the City or additional city revenue bonds.

In addition, the City anticipates that it may receive funding from certain state and federal grants and from the settlement of environmental Superfund litigation between the EPA and other parties (not including the City) related to the City's Inner Harbor.

The residual cost of the facility to be funded through user fees and tax levy cannot presently be determined. No provision for any liability that may result has been made in the basic financial statements.

The City of New Bedford has signed a consent decree with the Environmental Protection Agency ("EPA"), Commonwealth of Massachusetts Department of Environmental Protection ("DEP") and the Conservation Law foundation concerning the construction of waste treatment facilities, the reduction of combined sewer overflows and compliance with certain provisions of the Clean Water Act (the "Act"). The consent decree required, among other things, the building and full operation of a Secondary Treatment Plant by January 19, 1997. Based upon final specifications and the City's recommended plan for compliance, the City has estimated that total construction costs for the waste treatment program will be approximately \$193.2 million based on present day construction costs.

*Continued*



# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 9. Contingencies (Continued)

#### B. Sullivan's Ledge Escrow Fund

The City has received notice from the EPA that it may be liable, along with several third parties jointly and severally, for costs associated with the clean-up of pollutants at Sullivan's Ledge. Management has indicated that the City's liability for the clean-up of this dump site will be \$600,000 for the Sullivan's Ledge Middle Marsh area (Operable Unit #2), broken down into payments of \$300,000 in fiscal 1998 and \$300,000 in fiscal 1998 plus \$30,000 for fencing in fiscal 1993. For Operable Unit #1, negotiations are currently in progress. Settlement was reached with the government in November 1994 to provide maintenance at site. The City has agreed to appropriate in an escrow account \$15,000 per year beginning in fiscal 1998 for thirty years as financial security.

- Operation and maintenance of the following activities beginning in year 1 for 30 years:

	<u>Yearly</u>	<u>30 Year Total</u>
Treatment Plant	\$ 227,000	\$ 6,825,000
Cap Maintenance	7,720	512,000
Fence Maintenance and Repair	2,400	159,000
Traffic Control (2 years)	<u>50,000</u>	<u>100,000</u>
	<u>\$ 287,120</u>	<u>\$ 7,596,000</u>

#### C. City Commitment to Private Parties

The City will put \$700,000 into an interest bearing account that is exclusively available to the Group in the event that the City fails to adequately perform its in-kind service obligations. This \$700,000 would be deposited into the escrow on the following schedule: \$300,000 on July 1, 1998 and \$100,000 on July 1 of each consecutive year for four years. The principal and interest would remain in the account for 15 years. The City could then annually draw down the escrow in 1/15 increments.

### 10. Lease Revenues

The City of New Bedford leases property on Hathaway Road to Johnson Turf and Golf Management, Inc. Areas of the land were designated part of the Sullivan Ledge Superfund site, as determined by the Environmental Protection Agency. The lease is for 35 years and began March 24, 2000 and is for \$120,000 per year less a credit of \$5,333 for unanticipated water consumption costs. In addition, this fee can be abated for individuals who had a membership to play at the Whaling City Golf Course during the 1999 calendar year up to a sum of \$100,000. The remaining fee will be adjusted annually by the consumer price index beginning in 2005.

The land was leased for the operation of an 18 hole public golf course. As stated in the lease agreement, the Whaling City Golf course is required to submit to the City of New Bedford, a certified annual audit of the financial records. An audit was not performed during 2009, however, the Golf course anticipates submitting a complete set of audited financial statements to the City for 2010.

*Continued*

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 11. Joint Venture

The City of New Bedford, the Harbor Development Commission, and the Redevelopment Authority have joined in an agreement with the Whale's Tooth Parking Lot. The City of New Bedford owns this parcel of land and has bought all lighting and fixtures associated with the parking lot. The agreement between the parties is that the Harbor Development Commission will operate the parking lot and collect all parking lot revenues and will pay for all expenditures associated with the parking lot. When profits are generated from the parking lot operations, the Harbor Development Commission will begin to pay back the City of New Bedford for the fixtures and equipment that the City placed into service to operate the parking lot. Five percent of any revenue over budgeted expenditures will be remitted to the Redevelopment Authority for their involvement in the project.

### 12. Debt

#### A. Primary Government

Under state law and by authorization of the City Council, the City is authorized to borrow on a temporary basis to fund the following:

- Current operating costs prior to the collection of revenues through the issuance of revenue or tax anticipation notes (RANS or TANS);
- Special Revenue, capital projects and enterprise fund costs incurred prior to obtaining permanent financing through the issuance of bond anticipation notes (BANS) and
- Federal and state aided capital projects and other program expenditures prior to receiving reimbursement through the issuance of federal and state aid anticipation notes (FAANS and SAANS).

The City issued an \$7,900,000 Bond Anticipation Note, dated June 30, 2009, maturing February 12, 2010. This note was issued for the following:

\$ 1,700,000	Keith Middle School	\$ 6,200,000	Lincoln Elementary School
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The City issued a \$30,504,874 Bond Anticipation Note, dated February 13, 2009, maturing February 12, 2010. This note was issued for the following:

\$ 8,295,000	Sea Lab	\$ 6,000,000	Auto Meter Reading System
\$ 7,615,000	Keith Middle School	\$ 4,650,000	Water System
		\$ 3,949,874	Equipment

The City issued a \$7,470,000 Bond Anticipation Note, dated February 13, 2009, maturing February 12, 2010. This note was issued for the Railroad Depot.

The City issued a \$2,000,000 Bond Anticipation Note, dated November 3, 2008, maturing February 13, 2009. This note was issued for Keith Middle School.

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### **12. Debt (Continued)**

#### **B. Long-Term Debt**

In February 2008 the City issued \$22 million in General Obligation State Qualified Bonds with an average interest rate of 3.7% to advance refund \$21 million of outstanding 1998 and 2001 Series Bonds with an average interest rate of 4.6%. The net proceeds of \$22,969,719 (after payment of underwriting fees, insurance and other insurance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998 and 2001 bonds. As a result, the 1998 and 2001 bonds are considered to be defeased and the liability of those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the acquisition price and the net carrying amount of the old debt of \$1,369,000. This difference was reported in the accompanying financial statements as an addition to bonds payable and is being charged to operations through the year 2021 using the effective-interest method. The City completed the advance refunding to reduce its total debt service payments over the next 11 years and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$756,523.

#### **C. Prior Year Defeasance of Debt**

In the prior year, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust assets and the liability for the defeased bonds are not included in the City's financial statements

#### **D. Assumptions**

In November 2004 the City refunded and defeased in substance its outstanding 1995 and 1996 serial bonds of \$21,300,000, carrying an interest rate of 5.5 percent, with new debt of \$11,400,000, issued at a weighted average rate of 3.6 percent. The new debt is dated November 10, 2004. All issuance costs of the transaction were paid from bond proceeds. Issuance costs were as follows:

Insurance (allowable and fully recoverable) through escrow	
fund earnings	\$ 65,544
Underwriter's discount (not allowable)	84,081
Financing costs (not allowable)	<u>55,820</u>
	<u>\$ 205,445</u>

*Continued*

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2009

**12. Debt (Continued)**

**E. Sources and Uses of Funds**

The sources and uses of funds required for the transaction are shown below:

**Sources**

Principal amount of the Bonds	\$ 11,400,000
Original issue premium	263,655
Accrued interest	<u>44,142</u>
Total sources	<u>\$ 11,707,797</u>

**Uses**

Purchase price of the SLGS	\$ 11,451,173
Beginning cash deposit to the escrow account	1
Underwriter's discount	84,081
Bond insurance premium	65,543
Costs of issuance	55,820
Deposit of debt service fund	44,143
Contingency	<u>7,036</u>
Total uses	<u>\$ 11,707,797</u>

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2009

**12. Debt (Continued)**

The City has the following bond anticipation notes payable outstanding at June 30, 2009:

**Capital Projects**

	<u>Balance 6/30/08</u>	<u>Additions Renewals</u>	<u>Retirements</u>	<u>Balance 6/30/09</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Interest Paid</u>
Bond Anticipation Note	\$ 7,470,000	\$	\$ 7,470,000	\$	02/15/08	02/13/09	3.25%	\$ 241,424
Bond Anticipation Note		7,470,000		7,470,000	02/13/09	02/12/10	4.10%	
Bond Anticipation Note	11,242,874		11,242,874		06/27/08	02/13/09	2.25%	158,806
Bond Anticipation Note		7,900,000		7,900,000	06/30/09	02/12/10	1.25%	
Bond Anticipation Note	17,364,500		17,364,500		02/15/08	02/13/09	2.50%	431,701
Bond Anticipation Note		30,504,874		30,504,874	02/13/09	02/12/10	2.00%	
Bond Anticipation Note		2,000,000	2,000,000		11/03/08	02/13/09	3.75%	20,833
Interim Loan	8,039,458		8,039,458		03/03/08	07/15/08	2.00%	
Interim Loan	604,624		604,624		11/09/07	07/15/08	2.00%	
Total Capital Projects	<u>\$ 44,721,456</u>	<u>\$ 47,874,874</u>	<u>\$ 46,721,456</u>	<u>\$ 45,874,874</u>				<u>852,765</u>

**General Fund:**

Revenue Anticipation Note	<u>                    </u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>                    </u>	09/19/08	06/30/09	2.75%	<u>214,653</u>
Total General Fund	<u>                    </u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>                    </u>				<u>214,653</u>

**Business-Type Activities:**

Total General Fund	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>				<u>                    </u>
Total Primary Government	<u>\$ 44,721,456</u>	<u>\$ 57,874,874</u>	<u>\$ 56,721,456</u>	<u>\$ 45,874,874</u>				<u>\$ 1,067,418</u>

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 12. Debt (Continued)

Changes in balances of long-term liabilities including current portion are as follows:

	<u>Maturity Dates</u>	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>City (Retirements)</u>	<u>State (Subsidies)</u>	<u>Balance June 30, 2009</u>	<u>Balance Due in 2010</u>
<b>Governmental Activities</b>							
4.00-6.00% G.O. Bond	04/15/96-04/15/13	\$ 1,615,400	\$	\$ 315,400	\$	\$ 1,300,000	\$ 270,000
4.60-5.80% Note	10/01/97-10/01/16	5,335,000		595,000		4,740,000	595,000
4.25-5.00% G.O. Bond	10/14/98-10/01/18	7,074,000		927,000		6,147,000	603,000
4.25-5.50% G.O. Bond	05/01/02-05/01/21	37,315,000		2,115,000		35,200,000	2,347,000
4.25-6.00% Revenue Refunding Bond	02/01/97-02/01/16	7,280,000			1,390,000	5,890,000	1,285,000
4.00-5.25% Revenue Bond	02/01/98-02/01/17	101,845,000		1,785,599	1,559,401	98,500,000	3,565,000
4.00-6.00% Revenue Bond	08/01/01-08/01/31	4,807,353		122,666	16,829	4,667,858	144,008
HUD 108-2003-A	02/01/04-08/01/22	1,550,000		90,000		1,460,000	90,000
3.125-5.00% State Qualified G.O. Bond	03/15/06-09/15/25	9,830,000		790,000		9,040,000	780,000
.85% Revenue Bond	07/15/06-07/15/25	552,483		25,756		526,727	26,276
.85% Revenue Bond	02/15/07-02/15/27	5,064,298		130,191		4,934,107	133,230
Pool 11 MWPAT 03-36A	03/18/09-07/15/35		604,624			604,624	18,523
General Obligation State Qualified Bond	02/15/07-02/15/27	15,970,000		965,000		15,005,000	975,000
General Obligations Series A Bonds	02/14/08-10/01/27	13,917,000		317,000		13,600,000	580,000
General Obligations Series A Bonds	02/14/08-10/01/22	3,800,000		5,000		3,795,000	5,000
Compensated absences		16,491,202	266,820			16,758,022	6,143,786
Capital leases		<u>151,580</u>		<u>77,982</u>		<u>73,598</u>	<u>73,598</u>
Total governmental activities		<u>232,598,316</u>	<u>871,444</u>	<u>8,261,594</u>	<u>2,966,230</u>	<u>222,241,936</u>	<u>17,634,421</u>
<b>Business-Type Activities</b>							
4.00-6.00% G.O. Bonds	04/15/96-04/15/13	2,664,600		294,600		2,370,000	310,000
4.25-5.50% G.O. Bonds	05/01/02-05/01/21	1,365,000		107,000		1,258,000	110,000
.85% Revenue Bonds	08/01/03-08/01/24	1,898,399		80,746	23,321	1,794,332	105,657
.85% Revenue Bonds	02/01/05-08/01/24	1,874,885		83,834		1,791,051	86,122
.85% Revenue Bonds	02/01/05-08/01/24	3,693,932		165,790		3,528,142	170,306
2% MWPAT Bond	12/04/06-07/15/26	406,606	( 13,850)	269,270		123,486	258,945
2% MWPAT Bond	12/15/06-07/15/26	6,161,972	( 338,171)	17,768		5,806,033	17,481
.85% Revenue3 Bond	3/18/09-07/15/28		8,039,458			8,039,458	356,928
Compensated Absences		433,453	77,489			510,942	286,223
Capital Leases, restated		<u>44,717</u>		<u>21,891</u>		<u>22,826</u>	<u>22,826</u>
Total business-type activities		<u>18,543,564</u>	<u>7,764,926</u>	<u>1,040,899</u>	<u>23,321</u>	<u>25,244,270</u>	<u>1,724,488</u>
Total governmental plus business-type activities		<u>\$ 251,141,880</u>	<u>\$ 8,636,370</u>	<u>\$ 9,302,493</u>	<u>\$ 2,989,551</u>	<u>\$ 247,486,206</u>	<u>\$ 19,358,909</u>

In prior years the general fund, wastewater, water and the library special revenue funds have been used to liquidate long-term debt.

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 12. Debt (Continued)

Debt service requirements to maturity for long-term debt:

	<u>Principal</u>	<u>Total Interest</u>	<u>Total Debt</u>	<u>Less: Total Subsidized Payments (MWPAT)</u>	<u>Total City Debt Service</u>
2010	\$ 12,832,476	\$ 9,875,742	\$ 22,708,218	\$ 6,470,162	\$ 16,238,056
2011	13,087,127	9,382,351	22,469,478	6,346,118	16,123,360
2012	13,564,274	8,806,504	22,370,778	6,213,561	16,157,217
2013	13,866,689	8,197,076	22,063,765	6,080,015	16,983,750
2014	14,283,415	7,508,697	21,792,112	5,942,740	16,849,372
2015	14,349,329	6,901,937	21,251,266	5,802,712	15,448,554
2016	14,686,125	6,273,453	20,959,578	5,654,051	15,305,527
2017	14,631,231	5,641,323	20,272,554	5,497,938	14,774,616
2018	14,370,026	5,027,560	19,397,586	5,367,636	14,029,950
2019	14,735,913	4,477,780	19,213,693	5,229,204	13,984,489
2020	14,512,196	3,824,764	18,336,960	5,091,288	13,245,672
2021	14,318,894	3,166,717	17,485,611	4,946,428	12,539,183
2022	10,786,008	2,505,356	13,291,364	4,801,024	8,490,340
2023	11,053,552	2,037,641	13,091,193	4,647,900	8,443,293
2024	10,987,242	1,558,647	12,545,889	4,443,821	8,102,068
2025	11,243,972	1,030,496	12,274,468	4,306,472	7,967,996
2026	10,256,311	617,633	10,873,944	4,113,026	6,760,918
2027	2,122,046	176,268	2,298,314	121,471	2,176,843
2028	1,073,212	120,862	1,194,074	115,849	1,078,225
2029	993,056	88,727	1,081,783	110,068	971,715
2030	527,300	62,800	590,100	104,072	486,028
2031	537,868	41,143	579,011	93,138	485,873
2032	248,568	27,331	275,899		275,899
2033	254,401	21,497	275,898		275,898
2034	260,371	15,527	275,898		275,898
2035	266,481	9,417	276,898		275,898
2036	272,735	3,164	275,899		275,899
	<u>\$ 230,120,818</u>	<u>\$ 87,400,413</u>	<u>\$ 317,521,231</u>	<u>\$ 91,498,694</u>	<u>\$ 226,022,537</u>

Authorized and unissued debt at June 30, 2009, is as follows:

<u>Purpose</u>	<u>Date Authorized</u>	<u>Original Amount Authorized</u>	<u>FY08 Authorized/ Unissued</u>	<u>FY09 Authorized</u>	<u>Issued/ Retired Rescinded</u>	<u>FY09 Payments</u>	<u>Net Unissued</u>
WW Treatment facility	08/27/90	14,000,000			9,000,000		9,000,000
WW Treatment facility	08/21/91	224,300,000			73,215,000		73,215,000
Landfill closure	02/01/99	400,000					
Normandin Middle School	05/01/00	39,200,000	558,004				558,004
Keith Middle School	05/01/00	53,784,000	53,784,000		( 2,031,944)		51,752,056
Acquisition of Land	12/01/00	1,150,000					
Land Development	03/01/01	480,000	215,000				215,000
Normandin Middle School	08/01/01	11,659,600					
Keith Middle School	08/01/01	11,659,600	9,627,656		( 3,583,056)		6,044,600
Parking Garage	01/02/02	1,000,000					
Campbell Elementary/ Middle School	05/01/02	47,200,000	45,700,000				45,700,000
Winslow Elementary School	05/01/02	17,000,000	16,000,000				16,000,000
Harbor Dredging	05/01/02	3,000,000					
Water Projects	07/01/02	8,455,000	1,755,448				1,755,448
Landfill Closure	02/01/03	1,800,000					
Railroad Depot	03/01/03	3,000,000					

Continued

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 12. Debt (Continued)

<u>Purpose</u>	<u>Date Authorized</u>	<u>Original Amount Authorized</u>	<u>FY08 Authorized/ Unissued</u>	<u>FY09 Authorized</u>	<u>Issued/ Retired Rescinded</u>	<u>FY09 Payments</u>	<u>Net Unissued</u>
DeValles Elementary School	06/01/03	11,000,000	10,680,000				10,680,000
Sewer Separation	06/01/03	274,644	879,268		( 604,624)		274,644
Building Acquisition - Zeiterion	06/25/04	200,000	200,000				200,000
Building Renovations	06/25/04	1,150,000					
Harbor Development Phase II Dredging	06/25/04	1,170,000					
Incubator/Building Renovatons	06/25/04	2,000,000	2,000,000				2,000,000
Railroad Depot	06/25/04	2,000,000					
Equipment Purchases	06/25/04	2,800,000					
Sea Lab	06/25/04	4,000,000	4,000,000		( 4,000,000)		
West End Sewer Separation	06/25/04	21,608,000	21,282,644				21,282,644
Reconstructing & Paving Roads	06/25/04	1,000,000					
Water Lining	06/25/04	4,205,000					
West End Sewer Project	06/25/04	8,958,000					
Sea Lab	01/18/05	4,397,500	4,397,500		( 4,397,500)		
Street Paving	06/23/05	6,000,000	6,000,000				6,000,000
West End Sewer Separation Phase V	07/27/05	2,500,000	290,029				290,029
Mount Pleasant Street/Sawyer Street Area Project	08/23/05	2,500,000	2,500,000				2,500,000
Railroad Depot	06/22/06	7,470,000	7,470,000		( 7,470,000)		
Hannigan School	09/14/06	3,000,000	3,000,000				3,000,000
Water Mains Bonds	10/16/06	9,600,000	9,600,000		( 9,600,000)		
Water System Imp & Planning	10/16/06	4,650,000	4,650,000		( 4,650,000)		
School Bonds	12/01/06	3,000,000	3,000,000				3,000,000
Keith Middle School - Contamination Cleanup	12/01/06	34,564,165	34,564,165		( 3,700,000)		30,864,165
Airport Hanger & Leasehold	12/13/06	1,100,000	1,100,000				1,100,000
Brooks Elementary School	12/21/06	21,766,800	20,766,800				20,766,800
Lincoln Elementary School	12/21/06	26,105,200	25,105,200		( 6,200,000)		18,905,200
Water AMR System – BAN	01/02/08	6,000,000	6,000,000		( 6,000,000)		
Departmental Equipment-BAN	01/14/08	3,317,000	3,317,000		( 3,317,000)		
Departmental Equipment-BAN	05/13/08	627,874	627,874		( 627,874)		
		<u>\$ 635,052,383</u>	<u>\$ 299,070,588</u>	<u>\$</u>	<u>\$ 26,033,002</u>	<u>\$</u>	<u>\$ 325,103,590</u>

The state subsidy for the school authorization is anticipated from the State Board of Education as part of the School Building Assistance Program.

Debt service requirements to maturity for short-term debt:

	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Debt</u>
2010	<u>\$ 45,874,874</u>	<u>\$ 974,718</u>	<u>\$ 46,849,592</u>

### Capital Leases

The City is obligated under certain leases accounted for as capital leases. The obligation for the leases is accounted for in the Government-Wide Financial Statements as a governmental activity and a business-type activity. The following is a schedule of future minimum lease payments under capital leases.

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Primary Government</u>
2010	<u>\$ 76,835</u>	<u>\$ 23,840</u>	<u>\$ 100,675</u>
Minimum lease payments for all capital leases	76,835	23,840	100,675
Less: amount representing interest	<u>( 3,236)</u>	<u>( 1,198)</u>	<u>( 4,434)</u>
	<u>\$ 73,598</u>	<u>\$ 22,642</u>	<u>\$ 96,241</u>

Continued



# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 13. Fund Deficit

The following individual funds had deficit fund equity balances as of June 30, 2009:

<b>Capital Project Funds:</b>	<b>Fund Deficit</b>	<b>Less MWPAT Interim Loan O/S &amp; BAN's O/S</b>	<b>Net Deficit</b>
\$3.3 MIL Equipment Bond	\$ 3,233,163	\$ 3,317,000	\$
\$627k Equipment Bond	614,008	627,874	
Auto Meter Reader Bond	2,422,604	6,000,000	
Keith Middle School	6,600,360	9,315,000	
Lincoln Elementary School	1,950,158	6,200,000	
Railroad Depot	6,585,013	7,470,000	
Water Mains Rehab			
Incubator Project	23,167		23,167*
Sea Lab	8,252,881	8,295,000	
North End Pressure	<u>3,004,162</u>	<u>4,650,000</u>	
Total Capital Projects Funds	<u>\$ 32,685,516</u>	<u>\$ 45,874,874</u>	<u>\$ 23,167</u>
<b>Special Revenue:</b>			
<b>Federal &amp; State Grants:</b>			
Justice Assistance Grant	\$ 243	\$	\$ 243*
Weed & Seed IV	3,792		3,792*
FY07 Bryne Task Force	205		205*
FBI Gang Task Force	201		201*
GREAT Grant FFY08	4,505		4,505*
GHSB Traffic Grant 08/09	128		128*
Bryne Youth Court Expansion	1,300		1,300*
Healthy Bodies and Mind	2,386		2,386*
Solar Photovoltaic Panels	858		858*
ELCO Dress DPT	237		237*
Runway 5-23 Crack Repairs	1,183		1,183*
Apron Pavement Analysis Grant	250		250*
Planning Study	<u>835</u>		<u>835*</u>
Total Federal & State Grants	<u>16,123</u>		<u>16,123</u>

\* The deficit will require a future administrative plan to fund this deficit and eliminate it.

\*\* The deficit will be eliminated by future bond issuance.

\*\*\* The deficit will be eliminated by reimbursements from the Commonwealth of Massachusetts or the federal government.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2009

**13. Fund Deficit (Continued)**

	<u><b>Fund Deficit</b></u>	<u><b>Less MWPAT Interim Loan O/S &amp; BAN's O/S</b></u>	<u><b>Net Deficit</b></u>
<b>School Grants:</b>			
Perking – ELL Title II	\$ 10	\$	\$ 10*
Project Support	1,767		1,767*
Community Partnerships	30		30*
Project Keith	3,214		3,214*
ESPL Program 2008	8,700		8,700*
Adult Literacy	711		711*
Data Warehouse	1,297		1,297*
Title I Carryover	108		108*
Elementary/Secondary School Counsel	18,102		18,192*
Project Keith	8,675		8,675*
ESOL Grant	228		228*
Adult Literacy Program	8,968		8,968*
Program Support	<u>312</u>		<u>312*</u>
Total School Grants	<u>52,122</u>		<u>52,122</u>
 Total Special Revenue	 <u>\$ 68,245</u>	 <u><u>                    </u></u>	 <u>\$ 68,245</u>
<b>Internal Service Fund:</b>			
Medical Claims	\$ 1,591,310	\$ <u>                    </u>	\$ 1,591,310*
Total Internal Service Fund	<u>1,591,310</u>		<u>1,591,310</u>
<b>Agency Funds:</b>			
TSA federal withholding	\$ 923	\$	\$ 923*
Retirement salaries	<u>1,888</u>		<u>1,888*</u>
Total Agency	<u>2,178</u>		<u>2,811</u>
Total Fund Deficits	<u>\$ 34,347,249</u>	<u>\$ 45,874,874</u>	<u>\$ 1,685,533</u>

\* The deficit will require a future administrative plan to fund this deficit and eliminate.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Notes to Financial Statements

June 30, 2009

**14. Restatement**

In some instances beginning fund balance/net assets have been restated as a result of adjustments made to correct or reclassify prior year balances. Such adjustments, summarized by fund type are as follows:

**Governmental Funds**

**Community  
Development**

Beginning balance, July 1, 2008	\$ 1,122,016
To restate deferred prior year EDC receivable not yet collected	( 18,654)
Beginning balance, July 1, 2008, restated	<u>\$ 1,103,362</u>

**Proprietary Funds**

**Airport**

**Water**

Beginning balance, July 1, 2008	\$ 6,618,205	\$ 33,043,803
Restatements, per above	<u>26,171</u>	<u>127,592</u>
Beginning balance, July 1, 2008, restated	<u>\$ 6,644,376</u>	<u>\$ 33,171,395</u>

**Fiduciary Funds**

**Agency**

Beginning balance, July 1, 2008	\$ 5,598,344
To correct prior year expenditures incurred in error and bring fund balance to actual	<u>78,250</u>
Beginning balance, July 1, 2008, restated	<u>\$ 5,676,594</u>

The following were the restatements that occurred at the Government-Wide level. This includes the adjustments above plus any additional adjustments.

**Governmental  
Activities**

**Business-Type  
Activities**

Beginning balance, July 1, 2008	\$ 96,414,941	\$ 39,662,008
Restatements, per above	( 18,654)	153,763
To restate other post-employment benefits in governmental activities	<u>( 686,640)</u>	
Beginning balance, July 1, 2008, restated	<u>\$ 95,709,647</u>	<u>\$ 39,815,771</u>

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2009

### 15. Risk Management

The City is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, unemployment and employee health and life insurance claims.

Buildings are fully insured against fire, theft, and natural disaster to the extent that losses exceed \$100,000 per incident. The City is self insured for other general liability; however, Chapter 258 of the MGL limits the liability to a maximum of \$100,000 per claimant in all matters except actions relating to Federal civil rights, eminent domain and breach of contract. The City is also self-insured for unemployment and workers' compensation.

The City provides a variety of health benefits to employees. The partially self-insured Harvard plans paid through an established internal service fund based on total claims. Employees contribute 25% of the cost of healthcare with the remainder paid by the City. The City also provides health and life insurance benefits to certain retirees, as discussed in note 7.

Liabilities for self-insured judgments and claims are recorded in the entity wide financial statements if it is probable that a loss has been incurred and the amount can be reasonably estimated. The City accounts for its self-insurance costs that have matured in the general, wastewater, water and airport funds in the fund-basis statements.

The City has established a liability for health claims based on actual amounts paid two months subsequent to year-end (provided by the third-party administrator) and an estimate of future claims based on historical trends.

The City has established a liability for judgments and claims on a case-by-case review of all known claims, estimates of losses incurred but not reported, incremental costs incurred only because of claims, historical trends of previous years, and attorneys' estimates of pending matters and lawsuits in which the City is involved.

Changes in the self insurance liability for the year ended June 30, 2009 is as follows:

Health Claims, Beginning of Year	\$ 1,751,137
Incurred Claims	48,470,976
Payments of claims attributable to events of the fiscal year:	
Health	( 46,221,113)
Health Claims, End of Year	<u>\$ 4,001,000</u>

There are numerous cases pending in courts throughout the Commonwealth, where the City of New Bedford is a defendant. In the opinion of the City Solicitor, none of the pending litigation is likely to result in final judgments against the City that would materially affect its financial position.

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information  
Statement of Revenues and Expenditures – (Non-GAAP Budgetary Basis)  
Budget and Actual – General Fund

June 30, 2009

	<u>Original Budget</u>		<u>Additional Appropriations and Transfers</u>	<u>Total Budgeted</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>					
Revenues:							
Tax collections net of refunds:							
Real estate and personal property taxes	\$	\$ 83,371,388	\$ ( 104,233)	\$ 87,267,155	\$ 87,267,155	\$	\$
Local receipts:							
Motor vehicle excise		5,950,000	237,890	6,187,890	5,778,900		( 408,990)
Other excise collections		22,704	37,296	60,000	52,102		( 7,898)
Penalties and interest		1,250,000	670,000	1,920,000	1,582,118		( 337,882)
Payments in lieu of taxes		570,000	( 270,000)	300,000	231,223		( 68,777)
Charges for services:							
Parking		1,545,000	( 313,000)	1,232,000	1,445,804		213,804
Trash		6,000	( 500)	5,500	2,655		( 2,845)
Departmental:							
School		2,494,918		2,494,918	2,254,669		( 240,249)
Library		10,000	6,000	16,000	21,623		5,623
Cemeteries		260,000		260,000	267,706		7,706
Other		10,018,184	992,381	11,010,565	11,094,751		84,186
Fines and forfeitures		200,000	99,800	299,800	244,203		( 55,597)
Licenses and permits		2,125,000	( 98,986)	2,026,014	1,999,820		( 26,194)
Indirects:		355,299	247,189	602,488	602,941		453
Earnings on investments		975,000	( 175,000)	800,000	508,629		( 291,371)
Miscellaneous on recurring					153,388		153,388
Miscellaneous on non-recurring		725,000	( 625,000)	100,000	717,901		617,901
Special assessments & betterments					18,334		18,334
Governmental revenue:							
Federal					26,994		26,994
State		147,402,340	( 231,568)	147,170,772	134,170,072		( 13,000,700)
Total revenues		261,280,833	472,269	261,753,102	248,440,989		( 13,312,113)

See notes to required supplementary information  
See accompanying independent auditors' report

*Continued*  
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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information  
Statement of Revenues and Expenditures – (Non-GAAP Budgetary Basis)  
Budget and Actual – General Fund

June 30, 2009

	<u>Original Budget</u>		<u>Additional Appropriations and Transfers</u>	<u>Total Budgeted</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>					
Expenditures:							
General government	88,334	6,562,590	( 148,531)	6,502,393	6,241,721	58,306	202,366
General government-unclassified	46,000	55,832,282	7,758,787	63,637,069	63,337,885		299,184
Public safety:							
Police		24,520,939	( 576,527)	23,944,412	23,066,030		878,382
Fire		15,459,602	94,301	15,553,903	14,994,495		559,408
EMS		2,524,803	( 40,855)	2,483,948	2,394,895		89,053
Inspector of buildings		1,203,550	40,057	1,243,607	1,142,489		101,118
Other		78,265	( 1,566)	76,699	73,826		2,873
Public works and facilities							
Health and sanitation operations		691,039		691,039	691,039		
Highways and streets		2,142,413	( 248,457)	1,893,956	1,512,442		381,514
Public Facilities		10,997,985	( 343,401)	10,654,584	10,054,921		599,663
Education:							
School Department		113,089,262	1,000,000	114,089,262	102,452,826		11,636,436
Other		3,849,422		3,849,422	3,192,962		656,460
Human services		3,495,286	540,094	4,035,380	3,945,484		89,896
Culture and recreation	20,449	3,765,577	( 186,121)	3,599,905	3,433,060	4,585	162,260
Zoo		1,092,212	72,547	1,164,759	1,124,288		40,471
Debt service		10,937,901	( 50,417)	9,987,484	9,967,537		19,947
Intergovernmental expenditures		<u>6,366,509</u>	<u>82,503</u>	<u>6,449,012</u>	<u>6,336,508</u>		<u>112,504</u>
Total expenditures	<u>154,783</u>	<u>261,709,637</u>	<u>7,992,414</u>	<u>269,856,834</u>	<u>253,962,408</u>	<u>62,891</u>	<u>15,831,535</u>
Excess (deficiency) of revenues over expenditures	<u>( 154,783)</u>	<u>( 428,804)</u>	<u>( 7,520,145)</u>	<u>( 8,103,732)</u>	<u>( 5,521,419)</u>	<u>( 62,891)</u>	<u>2,519,422</u>

See notes to required supplementary information  
See accompanying independent auditors' report

*Continued*  
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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information  
Statement of Revenues and Expenditures – (Non-GAAP Budgetary Basis)  
Budget and Actual – General Fund

June 30, 2009

	<u>Original Budget</u>		Additional Appropriations and Transfers	Total Available	<u>Actual</u>	Encumbrances Carried Forward	Variance Favorable (Unfavorable)
	Encumbrances Carried Forward	Budget as Adopted					
Other financing sources and (uses):							
Operating transfers in		687,754	7,753,552	8,441,306	8,441,318		12
Operating transfers out			( 3,920,052)	( 3,920,052)	( 3,920,052)		
Free cash							
Appropriation deficit		( 258,950)	227,030	( 31,920)			31,920
Fund deficit			( 439,240)	( 439,240)	( 439,240)		
Revenue Deficit			( 21,297)	( 21,197)			21,197
Overlay deficit							
Total other financing sources (uses)		<u>428,804</u>	<u>3,600,093</u>	<u>4,028,897</u>	<u>4,082,026</u>		<u>53,129</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$( 154,783)</u>	<u>\$</u>	<u>\$( 3,920,052)</u>	<u>\$( 4,074,835)</u>	<u>\$( 1,439,393)</u>	<u>\$( 62,891)</u>	<u>\$ 2,572,551</u>
Beginning Budgetary Fund Balance					<u>14,872,700</u>		
Ending Budgetary Fund Balance					<u>\$ 13,433,307</u>		

See notes to required supplementary information  
See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information  
Statement of Revenues and Expenditures - (Non-GAAP Budgetary Basis)  
Budget and Actual – Water Enterprise Fund

Year Ended June 30, 2009

	<u>Original Budget</u>						
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>	<u>Additional Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:							
Charges for services	\$	\$ 8,001,142	\$ 549,745	\$ 8,550,887	\$ 8,441,361	\$	\$( 109,526)
Utility liens and penalties		1,000		1,000	59,000		58,000
Intergovernmental revenues					188,869		188,869
Other		34,200		34,200	106,309		72,109
Total revenues		8,036,342	549,745	8,586,087	8,795,539		209,452
Expenses:							
Salaries and wages		2,610,034	30,364	2,640,398	2,487,059		153,339
Charges and services		2,692,419	320,581	3,013,000	2,904,920		108,080
Materials and supplies		803,200	148,800	952,000	828,797		123,203
Capital outlay		117,500	50,000	167,500	60,763		106,737
Debt service		1,813,189		1,813,189	1,731,838		81,351
Total expenses		8,036,342	549,745	8,586,087	8,013,377		572,710
Excess (deficiency) of revenues over expenses					782,162		782,162
Other financing sources and (uses):							
Operating transfers in							
Operating transfers out							
Total other financing sources and (uses)							
Excess (deficiency) of revenue and other sources over expenses and other uses	\$	\$	\$	\$	782,162	\$	\$ 782,162
Budgetary fund balance at the beginning of the year					1,753,246		
Budgetary fund balance at the end of the year					\$ 2,535,408		

See notes to required supplementary information  
See accompanying independent auditors' report



**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information  
Statement of Revenues and Expenditures - (Non-GAAP Budgetary Basis)  
Budget and Actual – Airport Enterprise Fund

Year Ended June 30, 2009

	<u>Original Budget</u>		<u>Additional Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>		<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>			<u>Actual</u>		
Revenues:							
Charges for services	\$	\$ 754,962	\$ ( 9,823)	\$ 745,139	\$ 710,366	\$	\$ ( 34,773)
Fines and forfeitures					45		45
Other							
Total revenues		<u>754,962</u>	<u>( 9,823)</u>	<u>745,139</u>	<u>710,411</u>		<u>( 34,728)</u>
Expenditures:							
Salaries and wages		399,229	( 9,823)	389,406	384,454		4,952
Charges and services		322,510		322,510	302,835		19,675
Materials and supplies		33,223		33,223	32,904		319
Capital outlay							
Total expenditures		<u>754,962</u>	<u>( 9,823)</u>	<u>745,139</u>	<u>720,193</u>		<u>24,946</u>
Excess (deficiency) of revenues over expenditures					<u>( 9,782)</u>		<u>( 9,782)</u>
Other financing sources and (uses):							
Operating transfers in							
Operating transfers out							
Total other financing sources and (uses)							
Excess (deficiency) of revenue and other sources over expenses and other uses	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>( 9,782)</u>	<u>\$</u>	<u>\$ ( 9,782)</u>
Budgetary fund balance at the beginning of the year					<u>( 21,197)</u>		
Budgetary fund balance at the end of the year					<u>\$ ( 30,979)</u>		

See notes to required supplementary information  
See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information  
Statement of Revenues and Expenditures - (Non-GAAP Budgetary Basis)  
Budget and Actual – Wastewater Treatment Plant Special Revenue Fund

Year Ended June 30, 2009

	<u>Original Budget</u>		<u>Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>					
Revenues:							
Charges for services	\$	\$ 17,984,769	\$ 375,231	\$ 18,360,000	\$ 17,322,512	\$	\$ ( 1,037,488)
Earnings on investments			175,000	175,000	309,484		134,484
Other			398,968	398,968	400,406		1,438
Total revenues		<u>17,984,769</u>	<u>949,199</u>	<u>18,933,968</u>	<u>18,032,402</u>		<u>( 901,566)</u>
Expenditures:							
Salaries and wages		1,772,922	41,699	1,814,621	1,506,194		308,427
Charges and services		9,785,708	514,000	10,299,708	9,979,257		320,451
Materials and supplies		452,000	135,000	587,000	373,708		213,292
Capital outlay		228,000	100,000	328,000	48,866		279,134
Debt service		1,369,311	8,500	1,377,811	1,556,780		( 178,969)
Total expenditures		<u>13,607,941</u>	<u>799,199</u>	<u>14,407,140</u>	<u>13,464,805</u>		<u>942,335</u>
Excess (deficiency) of revenues over expenditures		<u>4,376,828</u>	<u>150,000</u>	<u>4,526,828</u>	<u>4,567,597</u>		<u>40,769</u>
Other financing sources and (uses):							
Operating transfers in					29,494		29,494
Operating transfers out		( 4,376,828)	( 150,000)	( 4,526,828)	( 4,368,991)		157,837
Appropriation deficit							
Total other financing sources and (uses)		<u>( 4,376,828)</u>	<u>( 150,000)</u>	<u>( 4,526,828)</u>	<u>( 4,339,497)</u>		<u>187,331</u>
Excess (deficiency) of revenue and other sources over expenses and other uses	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	228,100	<u>\$</u>	<u>\$ 228,100</u>
Budgetary fund balance at the beginning of the year					<u>2,926,602</u>		
Budgetary fund balance at the end of the year					<u>\$ 3,154,702</u>		

See notes to required supplementary information

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Required Supplementary Information Notes to Schedule of Revenues, Expenditures/Expenses and Changes in Fund Balance – Budget and Actual – Budgetary Basis

June 30, 2009

### Budgetary - GAAP Reporting Reconciliation

The accompanying Combined Statement of Revenues, Expenditures or Expenses - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund, Water and Airport Enterprise Funds and Wastewater Treatment Plant Special Revenue Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major difference between the budgetary basis and the Generally Accepted Accounting Principles ("GAAP") basis are that:

- A) Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis), except for real estate and personal property taxes which are recorded when committed;
- B) Expenditures/expenses are recorded when paid in cash (budgetary basis) as opposed to when liability is incurred (GAAP basis);
- C) Encumbrances are reported as expenditures/expenses (budgetary basis) as opposed to a reservation of fund balance (GAAP basis).

Therefore, timing, perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources and expenditures and other uses for the year ended June 30, 2009 are as follows:

	<u>Government Funds</u>		<u>Enterprise Funds</u>	
	<u>General Fund</u>	<u>Special Revenue Wastewater Operating</u>	<u>Water</u>	<u>Airport</u>
Revenues and other financing sources:				
GAAP Basis	\$ 282,294,443	\$ 18,061,896	\$ 9,030,176	\$ 719,191
Adjustments:				
Increase in real estate and personal property taxes to full accrual	61,055			
(Increase) decrease in 60 day accrual	20,161			
Gain on sale of tax possessions				
Reversal of deferred revenue			( 234,683)	
Recognition of deferred revenue				( 14,244)
Unbudgeted MTRB on-behalf payments	( 25,493,352)			
Change in the allowance of bad debts				5,464
Revenue used to reimburse expenditures				
Rounding			<u>1</u>	
Budgetary Basis	<u>\$ 256,882,307</u>	<u>\$ 18,061,896</u>	<u>\$ 8,795,539</u>	<u>\$ 710,411</u>

See accompanying independent auditors' report

*Continued*  
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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information  
Notes to Schedule of Revenues, Expenditures/Expenses and Changes  
in Fund Balance – Budget and Actual – Budgetary Basis

June 30, 2009

**Budgetary - GAAP Reporting Reconciliation (continued)**

	<u>Government Funds</u>		<u>Enterprise Funds</u>	
	<u>General Fund</u>	<u>Special Revenue Wastewater-Operating</u>	<u>Water</u>	<u>Airport</u>
Expenditures and other financing uses:				
GAAP Basis	\$ 283,815,052	\$ 17,793,323	\$ 9,337,459	\$ 1,038,046
Adjustments:				
Unbudgeted MTRB on-behalf payments	( 25,493,352)			
Change in compensated absences			( 84,397)	6,908
Unbudgeted expenditures charged to other funds			( 212,694)	
Unbudgeted change in inventory		40,473	12,559	
Unbudgeted change in prepaid payroll				
Principal paid on long term debt			1,042,329	
Principal paid on capital leases			21,505	570
Additions to capital assets			60,763	
Depreciation expense			( 1,970,686)	( 302,424)
Change in accrued interest			( 14,747)	
Change in OPEB			( 178,804)	( 22,907)
Expenditures decreased with revenue reimbursement				
Unbudgeted MWPAT subsidy payments				
Proceeds from debt- capital projects				
Rounding				
Budgetary basis	<u>\$ 258,321,700</u>	<u>\$ 17,833,796</u>	<u>\$ 8,013,377</u>	<u>\$ 720,193</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information  
Notes to Schedule of Revenues, Expenditures/Expenses and Changes  
in Fund Balance – Budget and Actual – Budgetary Basis

June 30, 2009

**Excess of Expenditures Over Appropriations**

The legal level of control for which expenditures can not exceed appropriation is at the category level within a department (i.e., salaries, charges and services; supplies and materials; capital outlay; and debt service.)

<u>Category</u>	<u>Excess</u>
General Fund:	
Board of Elections	\$ 1,405
Licensing Board	134
Clerk of Committees	<u>246</u>
Total Appropriation Deficits	<u>\$ 1,785</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information  
Contributory Retirement System  
Schedule of Funding Progress

December 31, 2008

**(UNAUDITED)**

<u>Actuarial Valuation Date</u>	<u>Reporting Year</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Individual Entry Age</u>	<u>Unfunded (Overfunded) AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
01/01/94	1993	84,143,582	189,485,031	105,341,449	44%	47,428,221	222%
01/01/94	1994	84,143,582	189,485,031	105,341,449	44%	60,048,850	175%
01/01/94	1995	84,143,582	189,485,031	105,341,449	44%	59,995,153	176%
01/01/94	1996	84,143,582	189,485,031	105,341,449	44%	57,638,616	183%
01/01/98	1997	133,140,386	248,033,340	114,892,954	54%	63,312,483	181%
01/01/98	1998	133,140,386	248,033,340	114,892,954	54%	57,639,014	199%
01/01/98	1999	133,140,386	248,033,340	114,892,954	54%	65,000,000	177%
01/01/98	2000	133,140,386	248,033,340	114,892,954	54%	68,936,441	167%
01/01/01	2001	157,129,409	305,813,631	148,684,222	51%	75,089,435	198%
01/01/01	2002	157,129,409	305,813,631	148,684,222	51%	72,843,21	204%
01/01/01	2003	157,129,409	305,813,631	148,684,222	51%	82,981,340	179%
01/01/04	2004	175,663,857	380,950,456	205,286,599	46%	75,414,151	272%
01/01/04	2005	175,663,857	380,950,456	205,286,599	46%	82,821,749	248%
01/01/04	2006	192,032,773	416,761,645	224,728,872	46%	87,993,734	255%
01/01/07	2007	210,446,468	469,061,751	258,615,283	45%	77,004,701	336%
01/01/07	2008	210,446,468	469,061,751	258,615,283	45%	86,659,224	298%
01/01/09	2009	196,465,884	516,132,737	319,666,853	38%	90,036,405	355%

Isolated analysis of the dollar amounts of net assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability can be misleading. Expressing the net assets available for benefits as a percentage of the actuarial accrued liability provided one indication of the Plans' funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Plan. Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids in the analysis of the progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Plans.

Note: Actuarial valuations are only performed every three years. Accordingly, the information presented above is not comparative between years.

\*Estimated

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Required Supplementary Information  
Contributory Retirement System  
Schedule of Employer Contributions

December 31, 2008

**(UNAUDITED)**

<b><u>Year Ended June 30</u></b>	<b><u>Annual Required Contributions</u></b>	<b><u>Year Ended December 31</u></b>	<b><u>Actual Contributions</u></b>	<b><u>Percentage Contributed</u></b>
1994	\$ 12,368,255	1993	\$ 11,991,216	97%
1995	10,930,599	1994	11,610,801	106%
1996	11,430,599	1995	11,344,309	99%
1997	10,833,227	1996	11,817,662	109%
1998	12,134,738	1997	12,652,023	104%
1999	10,717,334	1998	11,560,776	108%
2000	11,089,000	1999	11,089,000	100%
2001	11,474,000	2000	11,474,000	100%
2002	11,873,000	2001	11,873,000	100%
2003	14,336,000	2002	14,345,564	100%
2004	14,819,118	2003	14,569,050	98%
2005	16,148,800	2004	15,470,688	96%
2006	20,814,000	2005	18,288,018	88%
2007	18,848,697	2006	18,848,697	100%
2008	22,466,545	2007	22,484,125	100%
2009	25,877,801	2008	24,012,561	93%

Although annual required contributions are calculated on a fiscal year basis, the City of New Bedford Contributory Retirement System reports on a calendar year basis, therefore, some disparity may exist between required contributions and actual contributions due to this timing difference.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

The amount of the total actuarial accrued liability is based on a standardized measurement. The standardized measurement is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effects of projected salary increases. The standardized measurement of the actuarial accrued liability is intended to enable users of the financial statements to (a) assess the Plans' funding status on a going-concern basis, (b) assess progress made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons among employers.

## **CITY OF NEW BEDFORD, MASSACHUSETTS**

### **Required Supplementary Information Contributory Retirement System Schedule of Employer Contributions**

December 31, 2008

A variety of significant actuarial assumptions are used to determine the standardized measure of the pension benefit obligation. These assumptions are summarized below:

- The actuarial cost method used to determine liabilities and costs and to project future funding requirements is known as the Individual Entry Age Normal Cost Method. Under this method, the annual normal cost of the system is determined as the total of each member's level percentage of payroll necessary to fund all benefits expected to be paid if such percentage of each member's pay was and will be contributed from entry into the system until retirement, death or termination of employment. The actuarial liability on the valuation date is calculated as the amount which would be on hand if all prior normal costs had been fully funded at that date. The unfunded actuarial liability is the actuarial liability less the assets.
- Actuarial value of assets is market value.
- Mortality is assumed to be in accordance with the RP-2000 Mortality Table, with ages set forward two years for all disabled members.
- Ten percent of assumed deaths represent "in line of duty" deaths.
- Investment return on current assets and future contributions is assumed to be at the rate of 8.25% per year, compounded annually. This return includes interest, dividends and realized and unrealized gains.
- Salaries, including longevity, were assumed to increase 5.0% per year for each member.
- Cost-of-living increases have been assumed to be 3% of the lesser of the pension amount and \$12,000 per year.
- Rates of disablement are assumed to occur in accordance with a study conducted by PERAC with rates ranging from .01% to 1.25%.
- It is assumed that 55% of all disabilities are occupational for Group 1 and 2 members and that 90% of disabilities are occupational for Group 4 members.
- Rates of turnover (termination of employment before becoming eligible for retirement) are in accordance with a study conducted by PERAC with rates ranging from .0% to 1.50%.
- Retirement rates were assumed to range from 1% to 100% for various ages, positions within the government and genders.

The most recent actuarial valuation of the Plan was prepared as of January 1, 2009.

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the actuarial accrued liability occurred during 2009.



**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Major Governmental Funds - Wastewater  
Combining Balance Sheet

June 30, 2009

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments, unrestricted	\$ 5,402,032	\$ 1,168,930	\$ 3,265,312	\$ 9,836,274
User charges receivable	1,491,923			1,491,923
Special assessments receivable	334,980			334,980
Department receivables	40,824			40,824
Other receivables	( 2,899)			( 2,899)
Accrued interest				
Inventory	73,178			73,178
Due from other funds	<u>822,091</u>	<u>20</u>		<u>822,111</u>
Total assets	<u>\$ 8,162,129</u>	<u>\$ 1,168,950</u>	<u>\$ 3,265,312</u>	<u>\$ 12,596,391</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Warrants payable	\$ 790,289	\$	\$	\$ 790,289
Accounts payable and accrued expenses	365,203	143,000		508,203
Deferred revenue	1,922,466			1,922,466
Due to other funds	<u>2,515,083</u>		<u>364,736</u>	<u>2,879,819</u>
Total liabilities	<u>5,593,041</u>	<u>143,000</u>	<u>364,736</u>	<u>6,100,777</u>
Fund balances:				
Reserved/designated	1,614,411		2,900,576	4,514,987
Unreserved	<u>954,677</u>	<u>1,025,950</u>		<u>1,980,627</u>
Total fund balance	<u>2,569,088</u>	<u>1,025,950</u>	<u>2,900,576</u>	<u>6,495,614</u>
Total liabilities and fund balances	<u>\$ 8,162,129</u>	<u>\$ 1,168,950</u>	<u>\$ 3,265,312</u>	<u>\$ 12,596,391</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Major Governmental Funds - Wastewater  
Combining Statement of Revenues and Changes in Fund Balance

For the Year Ended June 30, 2009

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total</u>
Revenues:				
Utility usage charges	\$ 17,322,512	\$	\$	\$ 17,322,512
Intergovernmental revenues			6,406,650	6,406,650
Investment income	309,484	31,181	4,732	345,397
Other	<u>400,406</u>	<u></u>	<u></u>	<u>400,406</u>
Total revenues	<u>18,032,402</u>	<u>31,181</u>	<u>6,411,382</u>	<u>24,474,965</u>
Expenditures:				
Salaries	1,506,194			1,506,194
Charges and services	9,979,257			9,979,257
Supplies and materials	333,235			333,235
Capital outlay	48,866	237,220		286,086
Debt service	<u>1,556,780</u>	<u></u>	<u>10,754,820</u>	<u>12,311,600</u>
Total expenditures	<u>13,424,332</u>	<u>237,220</u>	<u>10,754,820</u>	<u>24,416,372</u>
Excess (deficiency) of revenues over expenditures	4,608,070	( 206,039)	( 4,343,438)	58,593
Other financing sources and (uses)	<u>( 4,339,497)</u>	<u>( 269,065)</u>	<u>4,339,497</u>	<u>( 269,065)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	268,573	( 475,104)	( 3,941)	( 210,472)
Fund balance - July 1, 2008, restated	<u>2,300,515</u>	<u>1,501,054</u>	<u>2,904,517</u>	<u>6,706,086</u>
Fund balance - June 30, 2009	<u>\$ 2,569,088</u>	<u>\$ 1,025,950</u>	<u>\$ 2,900,576</u>	<u>\$ 6,495,614</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Non-Major Governmental Funds  
Special Revenue Funds  
Combining Balance Sheet

June 30, 2009

	<u>Highway Improvements</u>	<u>Revolving</u>	<u>Reserve Appropriation</u>	<u>Donations</u>	<u>Federal/ Grants</u>	<u>School Grants</u>	<u>Community Development</u>	<u>Subtotal</u>
<b>ASSETS</b>								
Cash and investments	\$ ( 376,689)	\$ 2,242,891	\$ 1,382,591	\$ 234,396	\$ 1,490,050	\$ ( 830,010)	\$ 1,124,699	\$ 5,267,928
Federal and state grants receivable	618,323	1,124,926			3,222,740	3,178,732	480,713	8,625,434
Loans receivable							18,146,340	18,146,340
Receivable, other		42,600			141,819	264,250	18,654	467,323
Due from other funds		39,954	60,000				2,656	102,610
Inventory							246,918	246,918
Total assets	<u>\$ 241,634</u>	<u>\$ 3,450,371</u>	<u>\$ 1,442,591</u>	<u>\$ 234,396</u>	<u>\$ 4,854,609</u>	<u>\$ 2,612,972</u>	<u>\$ 20,019,870</u>	<u>\$ 32,856,553</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>								
Liabilities:								
Warrants payable	\$ 68,612	\$ 132,344	\$	\$ 1,593	\$ 410,661	\$ 279,694	\$ 410,947	\$ 1,303,851
Accounts payable and accrued expenses	171,821	58,817		2,975	2,295,823	69,146	86,668	2,685,250
Due to the federal or state government					717	4,613		5,330
Deferred revenue		42,600			791,376	1,991,755	18,475,967	21,301,698
Due to other funds		4,649		37,050			2,656	44,355
Other liabilities							32,602	32,602
Total liabilities	<u>240,433</u>	<u>238,410</u>		<u>41,618</u>	<u>3,498,577</u>	<u>2,345,208</u>	<u>19,008,840</u>	<u>25,373,086</u>
Fund balances (deficits):								
Restricted								
Unrestricted, undesignated	<u>1,210</u>	<u>3,211,961</u>	<u>1,442,591</u>	<u>192,778</u>	<u>1,356,032</u>	<u>267,764</u>	<u>1,011,140</u>	<u>7,483,467</u>
Total fund balances	<u>1,210</u>	<u>3,211,961</u>	<u>1,442,591</u>	<u>192,778</u>	<u>1,356,032</u>	<u>267,764</u>	<u>1,011,140</u>	<u>7,483,467</u>
Total liabilities and fund balances	<u>\$ 241,634</u>	<u>\$ 3,450,371</u>	<u>\$ 1,442,591</u>	<u>\$ 234,396</u>	<u>\$ 4,854,609</u>	<u>\$ 2,612,972</u>	<u>\$ 20,019,980</u>	<u>\$ 32,856,553</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Non-Major Governmental Funds  
Capital Project Funds  
Combining Balance Sheet

June 30, 2009

	<u>Street Repaving \$1M</u>	<u>CSO Relocate</u>	<u>Equipment Purchase Bond Issue</u>	<u>\$1 Mil Building Imp &amp; \$150K Costs Bond Issue</u>	<u>\$3 Mil Equipment Bond Issue</u>	<u>\$627K Equipment Bond Issue</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$	\$	\$ 807	\$	\$ 99,042	\$ 13,866
Federal and state grants receivable						
Receivable, other						
Due from other funds						
Due from component unit						
Total assets	<u>\$</u>	<u>\$</u>	<u>\$ 807</u>	<u>\$</u>	<u>\$ 99,042</u>	<u>\$ 13,866</u>
Warrants payable	\$	\$	\$	\$	\$ 1,044	\$
Accounts payable and accrued expenses					14,161	
Bond anticipation notes payable					3,317,000	627,874
Interim loan payable						
Deferred revenue – misc						
Retainage payable						
Due to component units						
Due from other funds						
Total liabilities					<u>3,332,205</u>	<u>627,874</u>
Fund balances (deficits), unreserved			<u>807</u>		<u>( 3,233,163)</u>	<u>( 614,008)</u>
Total liabilities and fund balances	<u>\$</u>	<u>\$</u>	<u>\$ 807</u>	<u>\$</u>	<u>\$ 99,042</u>	<u>\$ 13,866</u>

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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Non-Major Governmental Funds  
Capital Project Funds  
Combining Balance Sheet

June 30, 2009

	<u>\$6 Mil Auto Meter Reader Bond Issue</u>	<u>Chlorine Disinfectant Station</u>	<u>\$ 2 Mil Building Purchas Bond Issue</u>	<u>Normandin Middle School</u>	<u>Keith Middle School</u>	<u>Landfill Closure</u>	<u>Land Acquisition</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 3,762,073	\$	\$	\$ 77,097	\$ 88,399	\$ 972,434	\$
Federal and state grants receivable					4,153,168		
Receivable, other							
Due from other funds							
Due from component unit							
Total assets	<u>\$ 3,762,073</u>	<u>\$</u>	<u>\$</u>	<u>\$ 77,097</u>	<u>\$ 4,241,567</u>	<u>\$ 972,434</u>	<u>\$</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
Warrants payable	\$	\$	\$	\$	\$ 1,307,129	\$	\$
Accounts payable and accrued expenses	184,677				152,194		
Bond anticipation notes payable	6,000,000				9,315,000		
Interim loan payable							
Deferred revenue – misc							
Retainage payable					67,604		
Due to component unit							
Due to other funds							
Total liabilities	<u>6,184,677</u>				<u>10,841,927</u>		
Fund balances (deficits), unreserved	<u>( 2,422,604)</u>			<u>77,097</u>	<u>( 6,600,360)</u>	<u>972,434</u>	
Total liabilities and fund balances	<u>3,762,073</u>			<u>77,097</u>	<u>4,241,567</u>	<u>972,434</u>	

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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Non-Major Governmental Funds  
Capital Project Funds  
Combining Balance Sheet

June 30, 2009

	<u>Harbor Dev Phase Dredge</u>	<u>River Road Bond</u>	<u>Wastewater Sewer Separation</u>	<u>DPI Sewer Separation</u>	<u>Street Paving</u>	<u>Winslow Elementary</u>	<u>Elizabeth Brooks</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$	\$ 11,690		\$ 651,436	\$ 76	\$ 4,503,982	
Federal and state grants receivable							
Receivable, other							
Due from other funds							
Due from component unit							
Total assets	<u>\$</u>	<u>\$ 11,690</u>	<u>\$</u>	<u>\$ 651,436</u>	<u>\$ 76</u>	<u>\$ 4,503,982</u>	<u>\$</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
Warrants payable	\$	\$	\$	\$	\$	\$ 216,972	\$
Accounts payable and accrued expenses				9,940		6,302	
Bond anticipation notes payable						6,200,000	
Interim loan payable							
Retainage payable						30,866	
Due to component unit							
Due to other funds				228,955			
Total liabilities				238,895		6,454,140	
Fund balances (deficits), unreserved		11,690		412,541	76	( 1,950,158)	
Total liabilities and fund balances	<u>\$</u>	<u>\$ 11,690</u>	<u>\$</u>	<u>\$ 651,436</u>	<u>\$ 76</u>	<u>\$ 4,503,982</u>	<u>\$</u>

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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Non-Major Governmental Funds  
Capital Project Funds  
Combining Balance Sheet

June 30, 2009

	<u>Lincoln Elementary</u>	<u>Campbell Elementary</u>	<u>Mt. Pleasant Water Mains</u>	<u>Railroad Depot</u>	<u>Devalles Elementary</u>	<u>Riverside Park</u>	<u>Water Transmission Mains</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$	\$	\$ ( 9,870)	\$ 905,310	\$	\$	\$
Federal and state grants receivable			787,413				13,850
Receivable, other							
Due from other funds							
Due from other component unit							
Total assets	<u>\$</u>	<u>\$</u>	<u>\$ 777,543</u>	<u>\$ 905,310</u>	<u>\$</u>	<u>\$</u>	<u>\$ 13,850</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
Warrants payable	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued expenses				20,323			
Bond anticipation notes payable				7,470,000			
Interim loan payable							
Retainage payable							
Due to component unit							
Due to other funds							
Total liabilities				7,490,323			
Fund balances (deficits), unreserved			777,543	( 6,585,013)			13,850
Total liabilities and fund balances	<u>\$</u>	<u>\$</u>	<u>\$ 777,543</u>	<u>\$ 905,310</u>	<u>\$</u>	<u>\$</u>	<u>\$ 13,850</u>

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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Non-Major Governmental Funds  
Capital Project Funds  
Combining Balance Sheet

June 30, 2009

	<u>West End Cement Lining Ph2</u>	<u>Incubator Project</u>	<u>Water Mains Rehab Construction</u>	<u>Sea Lab</u>	<u>Route 18</u>	<u>Phase 2 Regional-Airspace Study</u>	<u>AIP 27 Taxiway Construction</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 12,565	\$ ( 23,167)	\$ 15,957	\$ 42,119	\$ 79,815	\$	\$ 8,626
Federal and state grants receivable	2,238		1,266,622				
Receivable, other							
Due from other funds							
Due from other component unit							
Total assets	<u>\$ 14,803</u>	<u>\$ ( 23,167)</u>	<u>\$ 1,282,579</u>	<u>\$ 42,119</u>	<u>\$ 79,815</u>	<u>\$</u>	<u>\$ 8,626</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
Warrants payable	\$	\$	\$ 15,957	\$	\$	\$	\$
Accounts payable and accrued expenses			84,002		79,191		
Bond anticipation notes payable				8,295,000			
Interim loan payable							
Retainage payable							
Due to component unit							
Due from other funds							
Total liabilities			<u>99,959</u>	<u>8,295,000</u>	<u>79,191</u>		
Fund balances (deficits), unreserved	<u>14,803</u>	<u>( 23,167)</u>	<u>1,182,620</u>	<u>( 8,252,881)</u>	<u>624</u>		<u>8,626</u>
Total liabilities and fund balances	<u>\$ 14,803</u>	<u>\$ ( 23,167)</u>	<u>\$ 1,282,579</u>	<u>\$ 42,119</u>	<u>\$ 79,815</u>	<u>\$</u>	<u>\$ 8,626</u>

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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Non-Major Governmental Funds  
Capital Project Funds  
Combining Balance Sheet

June 30, 2009

	<u>Parking Garage</u>	<u>Wastewater 2D Treatment</u>	<u>North End Pressure</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 63,568	\$ 75,240	\$ 1,735,310	\$ 13,086,375
Federal and state grants receivable				6,223,291
Receivable, other		1,043		1,043
Due from other funds				
Due from component unit				
Total assets	<u>\$ 63,568</u>	<u>\$ 76,283</u>	<u>\$ 1,735,310</u>	<u>\$ 19,310,709</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
Warrants payable	\$	\$	\$	\$ 1,541,102
Accounts payable and accrued expenses			89,472	640,262
Bond anticipation notes payable			4,650,000	45,874,874
Interim loan payable				
Retainage payable				98,470
Due to component unit				
Due to other funds		38		228,993
Total liabilities		38	4,739,472	48,383,701
Fund balances (deficits), unreserved	<u>63,568</u>	<u>76,245</u>	<u>( 3,004,162)</u>	<u>( 29,072,992)</u>
Total liabilities and fund balances	<u>\$ 63,568</u>	<u>\$ 76,283</u>	<u>\$ 1,735,310</u>	<u>\$ 19,310,709</u>

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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Non-Major Governmental Funds  
Permanent Funds  
Combining Balance Sheet

Year Ended June 30, 2009

	<u>Permanent Trusts</u>			<u>Total Non Major Governmental Funds</u>
	<u>Nonexpendable Trusts</u>	<u>Expendable Trusts</u>	<u>Subtotal</u>	
<b>ASSETS</b>				
Cash and investments	\$ 5,826,733	\$ ( 98,399)	\$	\$ 24,082,637
Federal and state receivable				14,848,725
Loans receivable				18,146,340
Receivable, other				467,323
Accrued interest				
Land inventory				
Inventories				246,918
Due from other funds		181,789		285,442
Total assets	<u>\$ 5,826,733</u>	<u>\$ 83,390</u>	<u>\$</u>	<u>\$ 58,077,385</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Warrants payable	\$ 2,942	\$	\$	\$ 2,847,895
Accounts payable and accrued expenses	5,316			3,330,828
Retainage payable				98,470
Bonds and notes payable				45,874,874
Due to other funds	181,789			455,137
Due to federal & state governments				5,330
Deferred revenue				21,301,698
Other liabilities				32,602
Interim loan payable				
Bonds anticipation notes payable				
Total liabilities	<u>\$ 190,047</u>	<u>\$ 190,047</u>	<u>\$</u>	<u>\$ 73,946,834</u>
Fund balances:				
Reserved for:				
Non expendable bequests	5,102,411			5,102,411
Restricted				
Undesignated, reported in nonmajor:				
Special revenue funds				7,483,467
Capital project funds				( 29,072,992)
Permanent funds	534,275	83,390		617,665
Total fund balance	<u>5,636,686</u>	<u>83,390</u>		<u>( 15,869,449)</u>
Total liabilities and fund balances	<u>\$ 5,826,733</u>	<u>\$ 83,390</u>	<u>\$</u>	<u>\$ 58,077,385</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Non-Major Governmental Funds  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2009

	<u>Highway Improvements</u>	<u>Revolving</u>	<u>Reserve for Appropriation</u>	<u>Donations</u>
Revenues:				
Federal grants	\$	\$	\$	\$
State grants	1,219,344	8,498,080		
Utility usage charges		763	( 12,211)	4,548
Investment income		2,250,358	113,775	33,867
Other				
Total revenues	<u>1,219,344</u>	<u>10,749,201</u>	<u>101,564</u>	<u>38,415</u>
Expenditures:				
General government		402,576	95	
Public safety		39,477		
Public works	1,230,357	44,015		
Education		10,192,302		
Community and economic development				
Health and human services		67,896		5,625
Culture and recreation		382,769		21,230
Municipal airport				
Debt service:				
Principal				
Interest				
Total expenditures	<u>1,230,357</u>	<u>11,129,035</u>	<u>95</u>	<u>26,855</u>
Excess (deficiency) of revenue over expenditures	( 11,013)	( 379,834)	101,469	11,560
Other financing sources (uses):				
Transfers between funds		( 1,002,166)	( 4,865)	
Excess (deficiency) of revenues and other sources over expenditures and other uses	( 11,013)	( 1,382,000)	96,604	11,560
Beginning fund balances (deficits), as restated	<u>12,214</u>	<u>4,593,961</u>	<u>1,345,987</u>	<u>181,218</u>
Ending fund balances (deficits)	<u>\$ 1,201</u>	<u>\$ 3,211,961</u>	<u>\$ 1,442,591</u>	<u>\$ 192,778</u>

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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Non-Major Governmental Funds  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2009

	<u><b>Federal/State Grants</b></u>	<u><b>School Grants</b></u>	<u><b>Community Development</b></u>	<u><b>Subtotals</b></u>
Revenues:				
Federal grants	\$ 3,647,517	\$ 27,475,013	\$ 6,146,849	\$ 37,269,379
State grants	5,786,177	1,842,075		17,345,676
Utility usage charges				
Investment income	486		12,868	6,454
Other	<u>883,208</u>	<u>1,448,475</u>	<u>615,999</u>	<u>5,345,682</u>
Total revenues	<u>10,317,388</u>	<u>30,765,563</u>	<u>6,775,716</u>	<u>59,967,191</u>
Expenditures:				
General government	853,839			1,256,510
Public safety	3,693,853			3,733,330
Public works	3,904,887			5,179,259
Education		30,677,017		40,869,319
Community and economic development	345,681		6,867,938	7,213,619
Health and human services	943,679			1,017,200
Culture and recreation	316,002			720,001
Municipal airport	737,080			737,080
Debt service:				
Principal				
Interest				
Total expenditures	<u>10,795,021</u>	<u>30,677,017</u>	<u>6,867,938</u>	<u>60,726,318</u>
Excess (deficiency) of revenue over expenditures	( 477,633)	88,546	( 92,222)	( 759,127)
Other financing sources (uses):				
Transfers between funds	<u>409,694</u>			<u>( 597,337)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	( 67,939)	88,546	( 92,222)	( 1,356,464)
Beginning fund balances (deficits), as restated	<u>1,423,971</u>	<u>179,218</u>	<u>1,103,362</u>	<u>8,839,931</u>
Ending fund balances (deficits)	<u>\$ 1,356,032</u>	<u>\$ 267,764</u>	<u>\$ 1,011,140</u>	<u>\$ 7,483,467</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Non-Major Governmental Funds  
Capital Projects Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2009

	<u>Street Repaving \$1M</u>	<u>CSO Relocate</u>	<u>Equipment Purchase Bond Issue</u>	<u>\$1 Mil Building Imp &amp; \$150K Costs Bond Issue</u>	<u>\$3 Mil Equipment Bond Issue</u>	<u>\$627K Equipment Bond Issue</u>
Revenues:						
Federal grant:	\$	\$	\$	\$	\$	\$
Operating						
Capital						
State grant:						
Operating						
Capital						
Investment income						
Other						
Total revenues						
Expenditures:						
General government				5,419		
Public safety					858,056	
Public infrastructure						497,078
Education						
Community and economic development						
Municipal Airport						
Culture and recreation						
Total expenditures				5,419	858,056	497,978
Excess (deficiency) of revenue over expenditures				( 5,419)	( 858,056)	( 497,078)
Other financing sources (uses):						
Transfers between funds						
Bond proceeds						
Total other financing sources (uses)						
Excess (deficiency) of revenues and other sources over expenditures and other uses				( 5,419)	( 858,056)	( 497,078)
Fund balances (deficit), July 1, 2008, as restated			807	5,419	( 2,375,107)	( 116,930)
Fund balances (deficit), June 30, 2009	\$	\$	\$ 807	\$	\$( 3,233,163)	\$( 614,008)

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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Non-Major Governmental Funds  
Capital Projects Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2009

	<u>\$6 Mil Auto Meter Reader Bond Issue</u>	<u>Chlorine Disinfectant Station</u>	<u>\$ 2 Mil Building Purchase Bond Issue</u>	<u>Normandin Middle School</u>	<u>Keith Middle School</u>	<u>Landfill Closure</u>	<u>Land Acquisition</u>
Revenues:							
Federal grant:	\$	\$	\$	\$ 77,097	\$ 5,572,430	\$	\$
Operating							
Capital							
State grant:							
Capital							
Investment income							
Other							
Total revenues				<u>77,097</u>	<u>5,572,430</u>		
Expenditures:							
General government							
Public safety							
Public infrastructure	2,376,946					46,613	
Education					6,343,706		
Community and economic development							
Municipal airport							
Culture and recreation							
Total expenditures	<u>2,376,946</u>				<u>6,343,706</u>	<u>46,613</u>	
Excess (deficiency) of revenue over expenditures	<u>( 2,376,946)</u>			<u>77,097</u>	<u>( 771,276)</u>	<u>( 46,613)</u>	
Other financing sources (uses):							
Transfers between funds							
Bond proceeds							
Total other financing sources (uses)							
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>( 2,376,946)</u>			<u>77,097</u>	<u>( 771,276)</u>	<u>( 46,613)</u>	
Fund balances (deficit), July 1, 2008	<u>( 45,658)</u>				<u>( 5,829,084)</u>	<u>1,019,047</u>	
Fund balances (deficit), June 30, 2009	<u><u>\$ ( 2,422,604)</u></u>	<u>\$</u>	<u>\$</u>	<u>\$ 77,097</u>	<u><u>\$ ( 6,600,360)</u></u>	<u>\$ 972,434</u>	<u>\$</u>

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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Non-Major Governmental Funds  
Capital Projects Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2009

	<u>Harbor Dev Phase Dredge</u>	<u>River Road Bond</u>	<u>Wastewater Sewer Separation</u>	<u>DPI Sewer Separation</u>	<u>Street Paving</u>	<u>Winslow Elementary</u>	<u>Elizabeth Brooks</u>
Revenues:							
Federal grant:	\$	\$	\$	\$	\$	\$	\$
Operating							
Capital							
State grant:							
Operating							
Capital							
Investment income							
Other							
Total revenues							
Expenditures:							
General government							
Public safety							
Public infrastructure				1,339,370			
Education						1,950,158	
Community and economic development							
Municipal Airport							
Culture and recreation							
Total expenditures				1,339,370		1,950,158	
Excess (deficiency) of revenue over expenditures				( 1,339,370)		( 1,950,158)	
Other financing sources (uses):							
Transfers between funds							
Bond proceeds			604,624				
Total other financing sources (uses)			604,624				
Excess (deficiency) of revenues and other sources over expenditures and other uses			604,624	( 1,339,370)		( 1,950,158)	
Fund balances (deficit), July 1, 2008		11,690	( 604,624)	1,751,911	76		
Fund balances (deficit), June 30, 2009	\$	\$ 11,690	\$	\$ 412,541	\$ 76	\$ ( 1,950,158)	\$

See accompanying independent auditors' report

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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Non-Major Governmental Funds  
Capital Projects Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2009

	<u>Lincoln Elementary</u>	<u>Campbell Elementary</u>	<u>Mt. Pleasant Water Mains</u>	<u>Railroad Depot</u>	<u>Devalles Elementary</u>	<u>Riverside Park</u>	<u>Water Transmission Mains</u>
Revenues:							
Federal grant:	\$	\$	\$	\$	\$	\$	\$
Operating							
Capital			6,800				
State grant:							
Operating							
Capital							
Investment income							
Other							
Total revenues			6,800				
Expenditures:							
General government							
Public safety							
Public infrastructure			6,800	113,842			
Education							
Community and economic development							
Municipal Airport							
Culture and recreation							
Total expenditures			6,800	113,842			
Excess (deficiency) of revenue over expenditures				( 113,842)			
Other financing sources (uses):							
Transfers between funds							
Bond proceeds							
Excess (deficiency) of revenues and other sources over expenditures and other uses				( 113,842)			
Fund balances (deficit), July 1, 2008, as restated			777,543	( 6,471,171)			13,850
Fund balances (deficit), June 30, 2009	<u>\$</u>	<u>\$</u>	<u>\$ 777,543</u>	<u>\$ ( 6,585,013)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 13,850</u>

See accompanying independent auditors' report

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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Non-Major Governmental Funds  
Capital Projects Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2009

	<u>West End Cement Lining Ph2</u>	<u>Incubator Project</u>	<u>Water Mains Rehab Construction</u>	<u>Sea Lab</u>	<u>Route 18</u>	<u>Phase 2 Regional- Airspace Study</u>	<u>AIP-27 Taxiway Construction</u>
Revenues:							
Federal grant:	\$	\$	\$	\$	\$	\$	\$
Operating							
Capital							
State grant:							
Operating							
Capital					105,660		
Investment income							
Other							
Total revenues					<u>105,660</u>		
Expenditures:							
General government							
Public safety							
Public infrastructure			3,614,769		105,036		
Education							
Community and economic development							
Municipal Airport							
Culture and recreation							
Total expenditures			<u>3,614,769</u>		<u>105,036</u>		
Excess (deficiency) of revenue over expenditures			<u>( 3,614,769)</u>		<u>624</u>		
Other financing sources (uses):							
Transfers between funds				102,500			
Bond proceeds			<u>8,039,458</u>				
Total other financing sources (uses)			<u>8,039,458</u>	<u>102,500</u>			
Excess (deficiency) of revenues and other sources over expenditures and other uses			<u>4,424,689</u>	<u>102,500</u>	<u>624</u>		
Fund balances (deficit), July 1, 2008	<u>14,803</u>	<u>( 23,167)</u>	<u>( 3,242,069)</u>	<u>( 8,355,381)</u>			<u>8,626</u>
Fund balances (deficit), June 30, 2009	<u>\$ 14,803</u>	<u>\$ ( 23,167)</u>	<u>\$ 1,182,620</u>	<u>\$ ( 8,252,881)</u>	<u>\$ 624</u>	<u>\$</u>	<u>\$ 8,626</u>

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	<u>Parking Garage</u>	<u>Wastewater 2D Treatment</u>	<u>North End Pressure</u>	<u>Totals</u>
Revenues:				
Federal and state grants	\$	\$	\$	\$
Operating				
Capital				5,761,987
State grants:				
Operating				
Capital				
Investment income		2,647		2,647
Other				
Total revenues		<u>2,647</u>		<u>5,764,634</u>
Expenditures:				
General government				5,419
Public safety				858,056
Public infrastructure		362	724,096	8,824,912
Education				8,293,864
Community and economic development				
Municipal Airport				
Culture and recreation				
Total expenditures		<u>362</u>	<u>724,096</u>	<u>17,982,251</u>
Excess (deficiency) of revenue over expenditures		<u>2,285</u>	<u>( 724,096)</u>	<u>( 12,217,617)</u>
Other financing sources (uses):				
Transfers between funds				102,500
Bond proceeds				8,644,082
Total other financing sources (uses)				<u>8,746,582</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses		2,285	( 724,096)	( 3,471,035)
Fund balances (deficit), July 1, 2008	<u>63,568</u>	<u>73,960</u>	<u>( 2,280,066)</u>	<u>( 25,601,957)</u>
Fund balances (deficit), June 30, 2009	<u>\$ 63,568</u>	<u>\$ 76,245</u>	<u>\$( 3,004,162)</u>	<u>\$( 29,072,992)</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Non-Major Governmental Funds  
Permanent Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2009

	<b>Permanent Trusts</b>			<b>Total Non Major Governmental Funds</b>
	<b>Nonexpendable Trusts</b>	<b>Expendable Trusts</b>	<b>Subtotal</b>	
Revenues:				
Intergovernmental – operating	\$	\$	\$	\$ 53,080,972
Intergovernmental - capital				7,296,070
Investment income	( 919,166)	( 116,342)		( 1,026,407)
Other excise				
Fines and forfeitures				2,322,500
Charges for services				3,240,037
Miscellaneous	<u>212,393</u>	<u>4,462</u>		<u>3,240,037</u>
Total revenues	<u>( 706,773)</u>	<u>( 111,880)</u>		<u>64,913,172</u>
Expenditures:				
General government	65			1,261,994
Public safety				4,591,386
Public infrastructure				8,824,912
Public works				5,179,259
Health and human services	12,964	95		1,030,259
Education	1,432			49,164,615
Community and economic development				7,213,619
Municipal airport				737,080
Culture and recreation	182,765	77		902,843
Debt service:				
Principal				
Interest				
Total expenditures	<u>197,226</u>	<u>172</u>		<u>78,905,967</u>
Excess (deficiency) of revenue over expenditures	<u>( 903,999)</u>	<u>( 112,052)</u>		<u>( 13,992,795)</u>
Other financing sources (uses):				
Bond proceeds				8,644,082
Bond premiums				
Transfers between funds	<u>( 537,088)</u>	<u>181,789</u>		<u>( 850,136)</u>
Total other financing sources (uses)	<u>( 537,088)</u>	<u>181,789</u>		<u>7,793,946</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>( 1,441,087)</u>	<u>69,737</u>		<u>( 6,198,849)</u>
Fund balance (deficit), July 1, 2008, restated	<u>7,077,773</u>	<u>13,653</u>		<u>( 9,670,600)</u>
Fund balance (deficit), June 30, 2009	<u>\$ 5,636,686</u>	<u>\$ 83,390</u>	<u>\$</u>	<u>\$( 15,869,449)</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Private Purpose Trust Funds  
Combining Balance Sheet

June 30, 2009

	<u><b>Taylor Scholarship</b></u>	<u><b>EG Campbell Scholarship</b></u>	<u><b>Total</b></u>
<b>Assets</b>			
Cash consolidated	\$ 30	\$ ( 397)	\$ ( 367)
Cash		792	792
Investments	<u>                    </u>	<u>10,788</u>	<u>10,788</u>
Total assets	<u>\$ 30</u>	<u>\$ 11,183</u>	<u>\$ 11,213</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	<u>\$</u>	<u>\$</u>	<u>\$</u>
Total liabilities	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Net Assets</b>			
Fund balance:			
Unrestricted/undesignated	<u>\$ 30</u>	<u>\$ 11,183</u>	<u>\$ 11,213</u>
Total net assets	<u>\$ 30</u>	<u>\$ 11,183</u>	<u>\$ 11,213</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
Private Purpose Trust Funds  
Statement of Revenue, Expenditures and Changes in Fund Balance

June 30, 2009

	<u><b>Taylor Scholarship</b></u>	<u><b>EG Campbell Scholarship</b></u>	<u><b>Total</b></u>
<b>Revenues:</b>			
Investment income:			
Dividends and interest	\$	\$ 663	\$ 663
Gain (Loss) on sale of investments		( 914)	( 914)
Net appreciation in fair value of investments		( 1,291)	( 1,291)
Other	<u>                    </u>	<u>336</u>	<u>336</u>
Total revenue	<u>                    </u>	<u>( 1,206)</u>	<u>( 1,206)</u>
<b>Expenditures:</b>			
Education	<u>                    </u>	<u>232</u>	<u>232</u>
Total expenditures	<u>                    </u>	<u>232</u>	<u>232</u>
Excess (deficiency) of revenue over expenditures		( 1,438)	( 1,438)
<b>Other financing sources (uses):</b>			
Transfers from other funds	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total other financing sources (uses)	<u>                    </u>	<u>                    </u>	<u>                    </u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>                    </u>	<u>( 1,438)</u>	<u>( 1,438)</u>
Beginning fund balances	<u>30</u>	<u>12,621</u>	<u>12,651</u>
Ending fund balances	<u>\$ 30</u>	<u>\$ 11,183</u>	<u>\$ 11,213</u>

See accompanying independent auditors' report

# CITY OF NEW BEDFORD, MASSACHUSETTS

## Supplementary Information General Fund Schedule of Property Tax and Motor Vehicle Excise Tax Receivables

Year Ended June 30, 2009

	<b>Beginning Balance 07/01/08</b>	<b>Commitments</b>	<b>Collections</b>	<b>Adjustments</b>	<b>Exemptions &amp; Abateements</b>	<b>Transfer to Tax File</b>	<b>Refunds</b>	<b>Ending Balance 06/30/09</b>
<u>Real Estate:</u>								
2009	\$	\$ 84,856,864	\$ ( 79,775,152)	\$ ( 29,719)	\$ ( 875,676)	\$	\$ 113,352	\$ 4,289,669
2008	3,596,904		( 2,015,556)	( 1,373)	( 126,818)	( 1,655,930)	114,964	( 87,807)
2007	( 104,354)		7,435	22,820	( 66,184)		62,764	( 77,520)
2006	( 80,116)			362	( 271,270)		263,940	( 87,084)
2005	( 65,844)			17,601	( 245,044)		227,884	( 65,404)
2004	( 89,982)			4				( 89,979)
2003	( 70,842)							( 70,842)
2002	( 24,761)			( 5)				( 24,766)
2001	26,384							26,384
2000								
1999								
1998								
1997								
<b>Total Real Estate</b>	<u>3,187,388</u>	<u>84,856,864</u>	<u>( 81,783,273)</u>	<u>9,689</u>	<u>( 1,584,992)</u>	<u>( 1,655,930)</u>	<u>782,904</u>	<u>3,812,651</u>
<u>Personal Property:</u>								
2009		3,948,107	( 3,876,071)	93	( 2,219)			69,910
2008	71,860		( 47,094)	( 546)	( 8,494)		10,102	25,017
2007	31,223		( 8,802)	10	( 212)		3,397	25,614
2006	41,208		( 2,339)	( 78)				38,792
2005	44,527		( 2,320)	( 123)				42,085
2004	16,237		( 2,366)	395	( 1,699)		2,272	14,840
2003	17,231		( 2,437)	8				14,802
2002	14,583			34				14,617
2001	12,304			( 394)				11,911
2000	12,188			( 263)				11,925
1999	10,006		1,196	625				11,827
1998	8,566		( 282)	20				8,304
1997	2,984		( 26)	( 3)				2,955
1996	3,326			( 1)				3,325
1995	2,970							2,970
1994	962			1,247				2,209
1993	1,581							1,581
1992	1,186							1,186
1991	2,726							2,726
1990	1,470							1,470
1989	1,032							1,032
<b>Total Personal Property</b>	<u>298,171</u>	<u>3,948,107</u>	<u>( 3,941,351)</u>	<u>1,025</u>	<u>( 12,624)</u>		<u>15,771</u>	<u>309,099</u>
<b>Total Property Taxes</b>	<u>3,485,559</u>	<u>88,804,971</u>	<u>( 85,724,624)</u>	<u>10,714</u>	<u>( 1,597,616)</u>	<u>( 1,655,930)</u>	<u>798,674</u>	<u>4,121,750</u>

See accompanying independent auditors' report

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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
General Fund  
Schedule of Property Tax and Motor Vehicle Excise Tax Receivables

Year Ended June 30, 2009

	<u>Beginning Balance 07/01/08</u>	<u>Commitments</u>	<u>Collections</u>	<u>Adjustments</u>	<u>Exemptions &amp; Abatements</u>	<u>Transfer to Tax File</u>	<u>Refunds</u>	<u>Ending Balance 06/30/09</u>
<u>Motor Vehicle</u>								
2009		4,877,783	( 4,310,960)	( 273)	( 86,446)		19,793	499,897
2008	764,194	736,488	( 1,183,282)	3,541	( 66,101)		42,425	297,267
2007	382,235	55,095	( 229,970)	381	( 14,918)		4,225	197,048
2006	223,342	759	( 62,933)	150	( 6,923)		2,762	157,158
2005	164,005	58	( 29,260)	( 121)	( 1,877)		587	133,389
2004	115,400		( 13,850)	73	( 418)		125	101,330
2003	( 1,959)	49						( 1,910)
2002	( 1,630)							( 1,630)
2001	( 482)							( 482)
2000	( 76)							( 76)
1999	( 4)							( 4)
1998	( 54)							( 54)
1997	( 104)							( 104)
1996	( 48)							( 48)
1995	( 118)							( 118)
1994	( 7)							( 7)
1993								
1992	( 5)							( 5)
1991								
1990	( 247)							( 257)
1989	( 352)							( 352)
1988	( 155)			12			12	( 155)
Total Motor Vehicle	<u>1,643,935</u>	<u>5,670,230</u>	<u>( 5,830,265)</u>	<u>3,739</u>	<u>( 176,682)</u>		<u>69,929</u>	<u>1,380,886</u>
Total Property and Motor Vehicle	<u>\$ 5,129,495</u>	<u>\$ 94,475,201</u>	<u>\$( 91,554,889)</u>	<u>\$ 14,453</u>	<u>\$( 1,774,297)</u>	<u>\$( 1,655,930)</u>	<u>\$ 868,603</u>	<u>\$ 5,502,641</u>

See accompanying independent auditors' report

**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
General Long-Term Debt Account Group  
Schedule of Long-Term Debt Maturities

Ten Years Ended June 30, 2009

	<b>Outstanding Balance 6/30/09</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
GOB 2004 - Refund 1996	\$ 4,740,000	\$ 595,000	\$ 605,000	\$ 610,000	\$ 565,000
GOB 2004 - Refund 1995	3,670,000	580,000	580,000	585,000	595,000
Sewer Bonds	2,164,000	183,000	185,000	194,000	212,000
General Public Improvement	3,983,000	420,000	414,000	410,000	397,000
Federal Loan 1996 Series A	5,890,000	1,285,000	1,165,000	1,035,000	730,000
Federal Loan 1998 Series A	98,500,000	3,565,000	3,805,000	4,085,000	4,710,000
Federal Loan 2000 Series 6	4,667,858	144,008	148,850	155,000	165,000
Middle School, Public Imp	36,458,000	2,457,000	2,556,000	2,656,000	2,767,000
Federal Loan 2003 Series 8	602,043	35,006	35,940	36,948	37,798
Federal Loan 2003 Pool 9	1,192,289	70,651	71,594	72,795	74,959
HUD 108 -2003 –A	1,460,000	90,000	105,000	105,000	105,000
Federal Loan DW-02-13	1,791,051	86,122	88,495	90,910	93,415
Federal Loan DW-02-20	3,528,142	170,306	174,993	179,759	184,705
\$11.434M GOB 2006	9,040,000	780,000	760,000	590,000	590,000
Federal Loan CW-04-28	526,727	26,276	26,807	27,349	27,901
Federal Loan CW-03-36	4,934,107	133,230	136,339	139,521	142,777
GOSQ Bond 2007	15,005,000	975,000	995,000	1,005,000	1,025,000
Federal Loan DW-01-13A	374,988	17,481	17,834	18,195	18,562
Federal Loan DW – 04-13	5,554,531	258,945	264,175	269,513	274,957
GOB 2008 Series A	13,600,000	580,000	595,000	605,000	615,000
General Obligation SQ Bond – Series B	3,795,000	5,000	5,000	335,000	335,000
MWPAT CW 03-36A	604,624	18,523	16,384	16,786	17,197
MWPAT DW06-10 Series 14	<u>8,039,458</u>	<u>356,928</u>	<u>335,716</u>	<u>342,498</u>	<u>349,418</u>
	<u>\$ 230,120,818</u>	<u>\$ 12,832,476</u>	<u>\$ 13,087,127</u>	<u>\$ 13,564,274</u>	<u>\$ 13,866,689</u>

See accompanying independent auditors' report

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**CITY OF NEW BEDFORD, MASSACHUSETTS**

Supplementary Information  
General Long-Term Debt Account Group  
Schedule of Long-Term Debt Maturities

Ten Years Ended June 30, 2009

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
GOB 2004 - Refund 1996	\$ 580,000	\$ 585,000	\$ 595,000	\$ 605,000	\$	\$
GOB 2004 - Refund 1995	600,000	360,000	370,000			
Sewer Bonds	212,000	216,000	226,000	238,000	249,000	258,000
General Public Improvement	397,000	393,000	390,000	387,000	385,000	382,000
Federal Loan 1996 Series A	730,000	515,000	270,000			
Federal Loan 1998 Series A	4,710,000	5,085,000	5,490,000	5,920,000	6,090,000	6,260,000
Federal Loan 2000 Series 6	165,000	170,000	180,000	185,000	185,000	195,000
Middle School, Public Imp	2,931,000	3,006,000	3,079,000	3,160,000	3,266,000	3,370,000
Federal Loan 2003 Series 8	39,019	40,715	42,412	44,108	44,108	45,805
Federal Loan 2003 Pool 9	77,290	80,000	80,000	85,000	90,000	90,000
HUD 108 -2003 –A	105,000	105,000	105,000	105,000	105,000	105,000
Federal Loan DW-02-13	97,068	100,041	105,000	110,000	110,000	115,000
Federal Loan DW-02-20	191,918	197,786	204,888	214,883	219,880	229,875
\$11.434M GOB 2006	590,000	585,000	585,000	555,000	550,000	550,000
Federal Loan CW-04-28	28,465	29,040	29,627	30,225	30,836	31,459
Federal Loan CW-03-36	146,110	149,520	153,009	156,581	160,235	163,975
GOSQ Bond 2007	1,045,000	1,060,000	1,080,000	1,105,000	1,125,000	1,150,000
Federal Loan DW-01-13A	18,938	19,320	19,710	20,108	20,514	20,929
Federal Loan DW – 04-13	280,512	286,179	291,961	297,859	393,876	310,015
GOB 2008 Series A	630,000	650,000	665,000	680,000	695,000	715,000
General Obligation SQ Bond – Series B	335,000	335,000	335,000	335,000	335,000	330,000
MWPAT CW 03-36A	17,619	18,050	18,493	18,946	19,410	19,886
MWPAT DW06-10 Series 14	<u>356,476</u>	<u>363,678</u>	<u>371,025</u>	<u>378,521</u>	<u>386,167</u>	<u>393,969</u>
	<u>\$ 14,283,415</u>	<u>\$ 14,349,329</u>	<u>\$ 14,686,125</u>	<u>\$ 14,631,231</u>	<u>\$ 14,370,026</u>	<u>\$ 14,735,913</u>

See accompanying independent auditors' report